Statement of Accounts

Year Ending 31 March 2017

Allerdale Borough Council

Statement of Accounts 2016/17

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Narrative Report

1 Introduction to the Statement of Accounts

1.1 The following Statement of Accounts summarises Allerdale Borough Council's financial performance, financial position and cash flows for the financial year from 1 April 2016 to 31 March 2017.

The purpose of this Narrative Report is to provide a guide to the most significant matters reported in the accounts by providing:

- an overview of the Authority's financial position and performance and narrative to assist in the interpretation of the financial statements
- commentary on the major influences affecting the Authority's financial position, financial performance (income and expenditure) and cash flows.

1.2 Background to the Statements

The Statement of Accounts summarises the Authority's transactions for the 2016/17 financial year and its financial position at 31st March 2017. The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, supported by International Financial Reporting Standards (IFRS).

The Statement of Responsibilities for the Statement of Accounts (page 16) sets out the responsibilities of the Authority and Authority's Chief Financial Officer (Head of Financial Services) in relation to the Statement of Accounts.

1.3 Core Financial Statements

The Statement of Accounts comprises core financial statements and related notes along with supplementary financial statements. The core statements are as follows:-

Comprehensive Income and Expenditure Statement (page 20)

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

Movement in Reserves Statement (page 21)

This 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' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Movement in Reserves Statement shows how the movements in the Authority's reserves during the year are broken down between gains and losses incurred in accordance with generally accepted accounting practices (Total Comprehensive Income and Expenditure) and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movement in the year following those adjustments.

Balance Sheet (page 22)

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.

(I). Usable reserves, i.e. 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.

(II). Unusable reserves, i.e. those that cannot be applied to fund expenditure or reduce taxation. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement (page 23)

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

1.4 Supplementary Financial Statements

Collection Fund (page 128)

The Collection Fund statement reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the Authority in relation to the collection from taxpayers and distribution to local authorities and Central Government of council tax and business rates (non-domestic rates - NDR).

Group Accounts (page 132)

The Group Accounts consolidate the financial statements of the Authority and its (material) interests in subsidiaries, associates and joint ventures.

The notes to the group accounts provide narrative descriptions and disaggregation of those items presented in the group that differ from those included in the 'Authority Only' (single entity) statements and other disclosures specific to the group accounts. For items that do not differ between the 'Authority Only' and Group Accounts reference should be made to the notes to the 'Authority Only' statements.

1.5 Annual Governance Statement (page 153)

The Annual Governance Statement sets out the arrangements put in place by the Authority to ensure legislative requirements, governance principles and management processes are within the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

2. Significant Changes in Accounting Policies

The 2016/17 Code of Practice on Local Authority Accounting (the Code) adopts the requirements of the following new or amended standards effective for the first time to annual periods beginning on or after 1 April 2016:

- Amendments to IAS 19 *Employee Benefits*: Defined Benefit Plans: Employee Contributions - *issued November 2013*
- Annual Improvements to IFRSs 2010–2012 Cycle – issued December 2013
- Amendments to IFRS 11 *Joint Arrangements*: Accounting for Acquisitions of Interests in Joint Operations – May 2014
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* Clarification of Acceptable Methods of Depreciation and Amortisation – *May 2014*
- Annual Improvements to IFRSs 2012–2014 Cycle
- Amendments to IAS 1: *Presentation of Financial Statements* Disclosure Initiative- issued December 2014.

The 2016/17 Code also:

- implements changes to the format of the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement
- introduces a new Expenditure and Funding Analysis as a result of the CIPFA and CIPFA/LASAAC Telling the Story review of the presentation of local authority financial statements.

Information on these new and amended standards and their impact on the Authority's single entity and group accounts is set out in note 2 to the accounts.

3. The Council's key achievements and performance

Strategic priorities and progress

3.1 The Authority's current priorities are outlined in the Council Plan 2015 - 2019, which was approved by Members in March 2015. The Plan, which will be reviewed and updated annually, has five key themes:

Theme	Aim
i) Tackling inequality:	to reduce poverty and support people facing financial difficulties
ii) Strengthening our economy	to create a strong, sustainable and vibrant local economy and create jobs
iii) Enhancing our towns	to create thriving towns that are attractive and welcoming and retain their distinctive characters
iv) Improving health and wellbeing	to help people live healthy and active lives and reduce health inequalities
v) Creating a sustainable business	to develop a commercially focused organisation committed to delivering high quality, sustainable services to the people, communities and businesses of Allerdale

3.2 The Council Plan Delivery Plan 2016/17 contains 89 programmes and projects across the 5 Council Plan priority themes. A total of 76 of these programmes and projects schemes have been completed during 2016/17 or remain on target to be completed within the timescales set out in the Delivery Plan.

3.3 The Authority's key achievements in delivering the Council Plan during 2016/17 include:

- opening the new £11.6m Leisure Centre in Workington – a high quality, award-winning facility that has already seen vastly increased usage figures
- commissioning a new public/ private sector partnership (Allerdale Live) to host a number of music and sporting events including the new Lakesman Triathlon which attracted over 300 entrants and contributed over £1.49m to the local economy
- successful delivery of the first year of the Leisure Strategy Action Plan improving playing pitches, improving leisure and sports facilities and encouraging greater participation in sport and physical activity
- undertaking targeted work to help those struggling financially to deal with money problems including: putting in place a process to manage personal budget referrals for Universal Credit customers requiring budgeting support and targeting the Discretionary Housing Payments Scheme to ensure payments go to the people most in need
- delivering the Big Allerdale Switch collective energy switching scheme to help residents to save on their energy bills
- working with partner organisations to develop affordable properties including: 43 affordable homes for general needs use; two extra care housing schemes providing 111 units of older persons accommodation; a 14 unit Armed Forces accommodation scheme and 46 affordable homes in Keswick
- leading on the provision of central heating grants - funded by an award of £1.14m from the Department of Energy and Climate Change (DECC) Central Heating Fund - to install first time central heating systems to fuel poor households
- development of key strategies and plans to ensure the Authority is better placed to deliver coherent and sustainable growth: the Business Growth Strategy, the Housing Strategy, the Heritage Strategy and a new Asset Management Plan
- utilising funding programmes to further the ambitions of the Authority and other partners in driving economic growth, examples include: The Allerdale Social Infrastructure Fund – utilising funding from Sellafield the Council has supported the creation of over 140 new jobs since 2014; £75,000 festivals and events flood recovery fund secured through the Cumbria LEP, which saw 15 festivals and events supported directly with funding and several more promoted through joint advertising
- developing, through Allerdale Investment Partnership, a number of sites for future commercial and housing use
- maintaining the Authority's proactive approach to tackling derelict and empty properties and addressing incidents of environmental crime
- carrying out town centre environmental improvements in all Allerdale towns
- undertaking initiatives to support local markets including a number of specialist markets
- carrying out considerable work in the aftermath of the floods (December 2015) to support our communities and build resilience for coping with future weather

events including successfully implementing a flood recovery grant scheme delivering approximately £3.5m in grants

- continuing a programme to deliver efficiencies and establish a foundation for a flexible approach to work to support mobile working and business process automation with the implementation of cloud based systems including Office 365 and the BT OnePhone system
- implementing MyAllerdale (a new Customer Relationship Management solution) to provide customers with improved access to services
- delivering efficiencies through reviewing procurement and commissioning processes and contracts.

Performance monitoring

3.4 Performance in meeting the priorities set out in the Council Plan is monitored regularly throughout the year by the Authority's Senior Management Team, Executive and the Overview and Scrutiny Committee. This includes monitoring against a number of financial and non-financial performance measures identified for each of the five priority themes. The following table provides a summary of the key indicators monitored during the financial year.

Performance indicator	2015/16 actual	2016/17 target	2016/17 actual
Tackling inequality			
Time taken (days) to process Housing Benefit/Council Tax benefit new claims	19	20	20
Time taken (days) to process Housing Benefit/Council Tax benefit change events	9	10	9
Number of affordable homes delivered	115	-	112
Number of homeless preventions	136	200	138
Strengthening our economy			
Number of new jobs we have helped to create directly	23	50	47
Net additional homes provided	386	304	253
% of major planning applications determined within statutory period	96%	50%	100%
% of minor planning applications determined within statutory period	89%	65%	93%
Full plans determined within 5 weeks (Building Control)	82%	82%	64.7%
% of Local Land Charge Searches carried out within 10 working days	68.9%	95.0%	96.9%
Enhancing our towns			
% of residents satisfied or very satisfied with town centre	**	59%	59%
Residual household waste per household (kg)	571kg	500kg	530kg
% of household waste sent for reuse, recycling & composting	37%	40%	38%
Improving health and wellbeing			
Proportion of adults (aged 16 and over) participating in at least 4 sessions of at least 30 minutes of sport in last 28 days	32.5%	-	34.2%
% of residents satisfied or very satisfied with sport and leisure facilities	**	50%	47%
Creating a sustainable business			
% of residents satisfied or very satisfied with Council services overall	**	75%	73%
% of residents who agree or strongly agree that the council provides value for money	**	45%	43%

Performance indicator	2015/16 actual	2016/17 target	2016/17 actual
% of residents who think the Council keeps them well or very well informed	**	75%	58%
% of people who feel they can influence decisions in their locality	**	32%	29%
% of Council Tax collected	97.8%	97.8%	97.6%
% of NNDR collected	98.2%	98.2%	98.2%
% of invoices paid within 28 days	96.3%	98.0%	92.2%
Average no. of working days lost to sickness absence per employee per annum	6.9	8.0	8.8

** Information collected from biannual residents' survey. Latest survey completed September 2016.

4. 2016/17 Budget and Medium Term Financial Strategy

4.1 The Authority's General Fund (GF) Revenue and Capital Budgets for 2016/17 were approved by Full Council in March 2016. Revised budgets which addressed the Authority's priorities, additional service related budget pressures and savings identified through the monthly financial monitoring and the re-profiling of capital expenditure, were approved by Full Council in November 2016.

Economic climate

4.2 The national and international economic climate, together with the Government's commitment to reducing the deficit through reductions in public sector spending, has continued to present a very challenging financial environment for the Authority throughout 2016/17.

4.3 The Council's annual budget is set within the context of the 2015 Spending Review and Autumn Statement on 25 November 2015. This sets out the government's economic forecasts and spending plans for 2016-17 to 2020-21 along with the action required to achieve a public spending surplus in 2019-20.

Medium Term Financial Strategy

4.4 The 2016/17 revenue budget is set within the context of the Authority's Medium Term Financial Strategy (MTFS). The MTFS provides the funding framework within which the Council seeks to achieve the priorities set out in the Council Plan 2015 – 2019 and highlights the key financial risks facing the Council.

4.5 The Medium Term Financial Strategy considers:

- the Council's priorities – what does it want to do, to what standard and what results does it want to achieve
- the level of funding anticipated from Central Government (revenue support grant)
- income that can be generated from local taxation (council tax and business rates), fees and charges and grant funding
- the levels of balances required for financial prudence and to proactively manage the Council's risks
- the methods of service delivery that will deliver value for money.

4.6 The current MTFS – published alongside the Authority's 2017/18 budget - shows that, in order for the Authority to remain financially sustainable and continue to meet its statutory obligation to deliver a balanced budget it will need to address a funding deficit of over £3m over the period 2017-18 to 2019-20. These savings are in addition to delivering the Authority's existing programme of self-sufficiency savings. This programme includes the delivery of targeted reductions (recurring savings) in the Authority's base budget of £738k in 2017-18 and a further £706k in 2018-19.

2016/17 Revenue Budget

4.7 Revenue income and expenditure covers spending and income associated with the day to day running of services. Revenue expenditure charged to the Authority's general fund expenditure is met from the following sources:

- Fees and charges
- Government grants including unringfenced grants such as Revenue Support Grant
- Council Tax and Business Rates
- Reserves - General Fund Balances and Earmarked Reserves.

4.8 The Authority's original net revenue budget for 2016/17 was set at £15,509k including parish precepts of £1,797k and the revised revenue budget at £16,503k including parish precepts of £1,797k.

4.9 As part of the package of self-sufficiency savings needed to ensure that the Council remains financially sustainable and deliver a balanced budget in 2016/17 the original and revised budgets for 2016/17 included self- sufficiency savings of £1,028,000 and £904,000 respectively.

4.10 The Authority's 2016/17 revenue budget is funded as follows:

	Original £'000	**Revised £'000**
Use of general fund and earmarked balances	602	1,490
Revenue support grant	1,700	1,700
Other government grants (including New Homes Bonus)	1,849	1,857
Council tax – including parish element	6,511	6,511
Collection fund surplus/(deficit) - Council Tax	149	149
NNDR funding (including s31 grant)	4,959	5,057
Collection fund surplus/(deficit) - NNDR	(261)	(261)
Total funding	**15,509**	**16,503**

4.11 The amount of Revenue Support Grant provided to the Authority through the 2016/17 Local Government Finance Settlement was £1.7m. A reduction of £0.82m (33%) on the amount (£2.52m) awarded in 2015/16.

4.12 The Authority's share of Council tax was increased by 1.9% in 2016/17 while the tax base for 2016/17 (i.e. the taxable capacity of the borough) was set at 29,470.69; an increase of 1.96% on the 2015/16 tax base of 28,905.29. These changes resulted in:

- an increase in the Authority's share of Council tax on band D properties excluding parish precepts) from £156.97 to £159.95
- total council tax income available to the Authority's general fund in 2016/17 of £6,511k (excluding the Authority's share of the estimated surplus at 31 March 2016 of £149k).

4.13 The revised budget includes an estimate of business rates income for 2016/17 available to the general fund of £4,796k (net of the Authority's share of estimated collection fund deficit at 31 March 2016 of £261k). This includes:

- estimated grant income from central government of £813k to compensate the Authority for the loss of business rates income associated with certain business rate reliefs
- an estimated net levy payment of £421k.

2016/17 Capital Budget

4.14 The Authority's original 2016/17 capital budget was set at £7,859k (inclusive of budget carry forwards from 2015/16) and the revised capital budget £7,497k.

4.15 Capital expenditure, included in the capital budget, covers expenditure on projects, such as acquisition, construction and enhancement of property plant and equipment. It also includes items such as grants towards capital expenditure incurred by third parties (for example Disabled Facilities Grants).

4.16 Resources available to finance capital expenditure include:

- capital receipts (for example usable proceeds from asset sales)
- grants and contributions from third parties
- direct financing from revenue/use of general fund balances.

4.17 Capital expenditure that is not financed up-front from these resources will increase the Authority's underlying need to borrow, as measured by the capital financing requirement (CFR).

4.18 Significant projects within the 2016/17 revised capital programme include:

- £1.140m to deliver first time central heating systems to fuel poor households that are off-gas and funded from a grant from DECC's Central Heating Fund,
- £1.864m to complete construction of the new leisure facility in Workington
- £1.08m to meet payments for Disabled Facilities grants funded from central government grant allocated through the Better Care Funding mechanism
- £1.1m for the acquisition of undeveloped portions of the Lillyhall site from the Homes and Communities Agency (HCA).

5. Financial Performance & Position

Financial Management: Revenue expenditure compared to budget

5.1 The table below shows the actual expenditure for 2016/17 compared to the budget and how that expenditure was financed. A detailed report on the 2016/17 outturn position was presented to Executive on the 21st June 2017, where more detail on the variances can be found.

Summary Position against Budget – 2016/17

	Revised Budget £'000	Actual £'000	Variance £'000	Contribution to E/M Reserves £'000	Unused Reserves £'000	Adjusted variance £'000
Corporate Resources	6,591	5,283	(1,308)	953	129	(226)
Economic Growth	(12)	(269)	(257)	228	99	70
Housing, Health & Wellbeing	1,092	317	(775)	772	2	(1)
Leader of the Council	448	432	(16)	379	6	369
Localities & Environmental Quality	3,829	3,332	(497)	19	163	(315)
Regulatory Services	494	325	(169)	10	72	(87)
Tourism & Culture	363	157	(206)	36	18	(152)
Transformation	1,901	1,672	(229)	125	18	(86)
Expenditure on services	14,706	11,249	(3,457)	2,522	507	(428)
Parish precepts	1,797	1,797	0	0	0	0
Net service expenditure	**16,503**	**13,046**	(3,457)	**2,522**	**507**	**(428)**
Taxation & non-ringfenced grants	(15,013)	(15,198)	(185)	55	0	(130)
Net (surplus)/deficit for year	**1,490**	**(2,152)**	(3,642)	**2,577**	**507**	**(558)**

5.2 Net expenditure on services for the year was £13,046k compared to a revised budget of £16,503k. The net under spend in the year comprises:

	£'000
Budget carry forward & contributions to Earmarked (E/M) Reserves	2,522
General underspend - service expenditure	428
Net Expenditure on Services - variance	2,950
Underspend on planned expenditure funded from E/M Reserves	507
Total underspend	**3,457**

Financial Management: Capital expenditure compared to budget

5.3 The following tables show capital expenditure in 2016/17 compared to the revised capital budget and how that expenditure was financed.

Portfolio	Revised Budget £'000	Outturn £'000	Outturn Variance £'000	Budget C/F £'000	Variance £'000
Housing, Health & Wellbeing	2,827	1,299	(1,528)	1,414	(114)
Corporate Resources	370	270	(100)	91	(9)
Localities & Environmental Quality	2,583	2,127	(456)	451	(5)
Transformation	167	50	(117)	110	(7)
Economic Growth	1,100	0	(1,100)	1,100	0
Total Capital Expenditure	**7,047**	**3,746**	**(3,301)**	**3,166**	**(135)**
Amounts charged to revenue[1]	450	224	(226)	226	0
Total Expenditure	**7,497**	**3,970**	**(3,527)**	**3,392**	**(135)**

Financing	Revised Budget £'000	Outturn £'000	Outturn Variance £'000	Budget C/F £'000	Variance £'000
Capital Grants & Contributions:					
Housing	2,566	1,277	(1,289)	1,174	(115)
Non-Housing	95	90	(5)	0	(5)
	2,661	1,367	(1,294)	1,174	(120)
Allerdale B.C. Resources:					
Revenue Earmarked Reserves	204	42	(162)	162	0
General Fund Balances	1,195	455	(740)	730	(10)
Revenue Budget	102	20	(82)	82	0
Capital Receipts	598	312	(286)	280	(6)
Prudential Borrowing	2,737	1,774	(963)	964	1
	4,836	**2,603**	**(2,233)**	**2,218**	**(15)**
Total financing	**7,497**	**3,970**	**(3,527)**	**3,392**	**(135)**

[1] financed from General Fund and Earmarked Reserves

5.4 The Authority spent £3.97m on its capital programme in 2016/17 compared to the revised capital budget of £7.5m. This expenditure was financed through a combination of prudential borrowing, government grants, revenue contributions and capital receipts.

5.5 The variance between revised budget and outturn for the year was £3.5m. This variance is largely attributable to changes made to the profile of planned expenditure on schemes straddling financial years. These changes, identified after submission of the revised capital budget, will require £3.4m of planned expenditure (and related budget provision) to be carried forward to 2017/18 together with the associated financing.

Financial position at the Balance Sheet date

5.6 The following table summarises the Authority's financial position at 31 March 2017

	At 31 March 2017 £'000	At 31 March 2016 £'000	Movement £'000
Non-current assets	77,410	79,838	(2,428)
Net current assets: debtors, stock & cash less short-term creditors & liabilities	5,872	5,467	405
Long-term liabilities & provisions	(48,476)	(41,672)	(6,804)
Net assets	**34,806**	**43,633**	**(8,827)**
Represented by:			
Revenue Reserves (General Fund & Earmarked)	10,301	8,646	1,655
Other Useable reserves	1,941	1,270	671
Unusable reserves	22,564	33,717	(11,153)
Total Reserves	**34,806**	**43,633**	**(8,827)**

5.7 During 2016/17:

- Non-current assets, including property, plant and equipment (PPE), investment property and long-term investments reduced by £2,428k. This includes;
  - a reduction of £3,538k in the carrying value of PPE underpinned by the derecognition of property with a carrying value of £3,970k
  - an increase of £853k in the carrying value of investment property including an increase of £945k from the revaluation of investment properties at 31March 2017.
- Net current assets increased by £405k to £5,872k, accompanied by a corresponding increase in the Authority's working capital liquidity ratio from 1.5 at 31 March 2016 to 1.6 at 31 March 2017
- Long-term liabilities increased by £6,804k due primarily to an increase in the net defined benefit pension liability of £7,051k (see section 8 below).

6. Revenue Reserves

6.1 At 31 March 2017 un-earmarked general fund reserves were £5.100m (31 March 2016: £5.071m) and earmarked revenue reserves £5.201m (31 March 2016: £3.575m). Earmarked reserves include amounts set aside:

- to meet planned future expenditure - including budgets carried forward to meet existing commitments
- to ring-fence unspent revenue grants where there are restrictions on use
- as a contingency to cushion the impact of unexpected events or transactions.

6.2 Details of the movement in the Authority's revenue reserves during the year are summarised in the following tables.

General Fund (GF)	Actual £'000	Revised Budget £'000	Variance £'000
Balance at 1 April 2016	5,071	5,071	0
Surplus/(deficit) for year - revenue	2,152	(1,490)	3,642
Use of reserves to fund capital expenditure	(455)	(1,195)	740
Use of E/M reserves to fund capital expenditure	(42)	(204)	162
Surplus/(deficit) for year	**1,655**	**(2,889)**	**4,544**
Transfers to/(from) Earmarked Reserves:			
Use of E/M reserves to fund revenue expenditure	785	1,292	(507)
Use of E/M reserves to fund capital expenditure	42	204	(162)
Contributions from GF to Earmarked Reserves	(2,577)	0	(2,577)
Earmarked reserves released to GF	124	124	0
Net transfer (to)/from Earmarked Reserves	**(1,626)**	**1,620**	**(3,246)**
Balance at 31 March 2017	**5,100**	**3,802**	**1,298**

Earmarked Reserves (E/M)	Actual £'000	Revised Budget £'000	Variance £'000
Balance at 1 April 2016	3,575	3,575	0
Transfers to/(from) General Fund:			
Use of reserves to fund revenue expenditure in year	(785)	(1,292)	507
Use of reserves to fund capital expenditure in year	(42)	(204)	162
Total used in year	**(827)**	**(1,496)**	**669**
Contributions from GF to Earmarked Reserves	2,577	0	2,577
Released to GF	(124)	(124)	0
Net transfer (to)/from General Fund	**1,626**	**(1,620)**	**3,246**
Balance at 31 March 2017	**5,201**	**1,955**	**3,246**

6.3 Contributions to earmarked reserves of £2,577k include amounts set aside from existing unspent budgets to reflect the re-profiling of associated expenditure plans across financial years and the ring-fencing of income earmarked for specified purposes.

6.4 The general fund balance at 31 March 2017 includes £730k allocated to finance capital expenditure in 2017/18. The remaining balance of £4,370k incorporates the Authority's agreed minimum retained balance of £2.7m held to provide contingency to protect services against unexpected events or emergencies, cushion uneven cash flows and avoid unnecessary temporary borrowing.

7 Cash flows

7.1 During 2016/17 the net decrease in cash and cash equivalents was £1,173k.

	At 31 March 2017 £'000	At 31 March 2016 £'000
Net Cash Flows from Operating Activities	1,923	508
Net Cash Flows from Investing Activities	(2,543)	(4,570)
Net Cash Flows from Financing Activities	(553)	4,429
Net increase/(decrease) in Cash & Cash Equivalents	**(1,173)**	**367**

7.2 Net cash inflows from operating activities of £1,923k were offset by:

- a net cash outflow from investing activities of £2,543k – including cash outflows of £3,272k associated with the purchase of property plant and equipment and inflows from capital grants of £500k
- a net cash outflow inflow from financing activities of £553k.

8. Defined Benefit Pensions Liability

8.1 The Authority offers retirement pensions to its staff under a statutory scheme and also makes contributions on their behalf. Although the pension benefits are not payable until employees retire, the Authority has a commitment to make the payments and must account for them in the year in which the future entitlements are earned. This commitment is compared with the pension fund assets (investments) and the net amount is included in the accounts as an asset or liability.

8.2 At the end of 2016/17 the Authority's net pension liability was £34.7m (31 March 2016: £27.7m). Although this sum has a significant impact on the net worth of the Authority as shown in its Balance Sheet, the deficit will be addressed by increased contributions to the scheme in future years. These increased contributions have been reflected in the Authority's Medium Term Plan.

8.3 Underpinning the increase in the net pension liability over the year of £7m are:

- net re-measurement losses on scheme liabilities of £19.8m reflecting:
  - losses of £20.6m arising from changes to the financial assumptions underlying the actuarial valuation of the pension liability
  - actuarial gains arising on changes in demographic assumptions of £781k; and
  - experience gains of £34k.
- re-measurement gains on scheme assets of £13.2m, reflecting:
  - a difference of £9.4m between the actual investment return on plan assets and the interest rate used to calculate the net interest cost included in the Comprehensive Income and Expenditure Statement
  - recalculation of the Authority's share of scheme assets following full actuarial valuation as at 31 March 2016, of £3.8m.

9. Asset Valuations

9.1 The Authority carries out a rolling programme of revaluations to ensure that Property, Plant and Equipment assets required to be measured at current value are:

- revalued at intervals of not more than five years
- reported in the balance sheet at a carrying amount that does not differ materially from that which would be determined using the assets current value at the balance sheet date.

During 2016/17 revaluation of the Authority's new Leisure Centre, Offices, Depots and Stores resulted in a net revaluation gain of £671k being credited to the revaluation reserve. A revaluation of the Authority's museum collections at 31 March 2017 resulted in a further £19k of revaluation gains being credited to the Revaluation Reserve within the 'Authority Only' statements.

9.2 Investment Property and Assets Held for Sale are revalued annually. During 2016/17 the fair value of the Authority's investment properties increased by £945k.

10. Significant Provisions

10.1 The Authority's balance sheet at 31 March 2017 includes provisions of £815k (31 March 2016: £953m).This includes a provision of £466k (31 March 2016: £581k) in respect of business rates appeals. Further details of significant provisions are set out in note 33 to the Financial Statements.

11. Treasury Management

11.1 The Authority's treasury management activity is underpinned by CLG's Guidance on Local Government Investments (CLG Investment Guidance) and CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes 2011 Edition ('the Treasury Management Code').

11.2 The Authority's prime policy objective in its investment activity is to ensure the security of principal sums invested in priority to liquidity and yield. In accordance with the Authority's Annual Investment Strategy ensuring the security of principal sums invested is achieved through active management of the Authority's credit risk exposures. Further details of the financial risks to which the Authority is exposed as a consequence of its treasury management activities and the policies and strategies employed to manage these risks are described in note 39.

11.3 At 31 March 2017 the Authority's external borrowing (inclusive of accrued interest) was £13.9m (31 March 2016: £14.1m). The main component of the Authority's loan portfolio is PWLB debt of £13.8m (31 March 2016: £14.02m). During the financial year the Authority made repayments of £222k to the PWLB. No additional PWLB borrowing was undertaken during the year ending 31 March 2017.

11.4 At 31 March 2017 investments held for treasury management purposes (including those classified as cash equivalents) stood at £8.1m (31 March 2016: £9.6m) – inclusive of accrued interest. These investments consist of amounts held in AAA rated money market funds and call and notice accounts held with high credit quality financial institutions.

11.5 The Authority has maintained an under-borrowed position throughout 2016/17. At 31 March 2017 actual borrowing was £4.98m below the Authority's underlying need to borrow for capital purposes (the capital financing requirement - CFR). By utilising cash from reserves, revenue balances and favourable cash flow the Authority has been able to avoid the need to borrow up to the level of the CFR. This has allowed the Authority to minimise its borrowing costs and reduce overall treasury risk by reducing the level of its external investment balances.

12. Material events after the Balance Sheet date

Details of material events after the balance sheet date are set out in note 44 to the Financial Statements.

13. Employee information

The Authority employs 255 people on full time and part time contracts. Information on the composition of the Authority's workforce at the end of the financial year is provided in the following table:

	At 31 March 2017			
	Employee Numbers		FTE	
	Male	Female	Male	Female
Senior managers	7	2	7	2
Other employees	84	162	78	132
Total	**91**	**164**	**85**	**134**

	At 31 March 2016			
	Employee Numbers		FTE	
	Male	Female	Male	Female
Senior managers	7	3	7	3
Other employees	83	167	76	135
Total	**90**	**170**	**83**	**138**

14. Further information

Further information about the accounts is available from:

Catherine Nicholson
Head of Financial Services
Allerdale House
New Bridge Road
Workington
Cumbria
CA14 3YJ

[1] Allerdale Borough Council's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Head of Financial Services.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts. In this Authority, that function is delegated to the Audit Committee.

[2] The Head of Financial Services' Responsibilities

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

In preparing this Statement of Accounts, the Head of Financial Services has:

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

The Head of Financial Services has also:

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

[3] Certification by the Head of Financial Services

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Authority and its income and expenditure for the year ended 31 March 2017.

Catherine Nicholson
Head of Financial Services

Dated: 21st August 2017

[4] Audit Committee Approval

These statements were approved by the Audit Committee on 21st August 2017.

Councillor Neil Schofield
Audit Committee Chairman

Dated: 21st August 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALLERDALE BOROUGH COUNCIL

We have audited the financial statements of Allerdale Borough Council (the "Authority") for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014 (the "Act"). The financial statements comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Head of Financial Services and auditor

As explained more fully in the Statement of Responsibilities, the Head of Financial Services is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Head of Financial Services; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Narrative Report and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements present a true and fair view of the financial position of the Authority and Group as at 31 March 2017 and of the Authority's and Group's expenditure and income for the year then ended; and
- the financial statements have been prepared properly in accordance with the CIPFA /LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Report and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the audited financial statements.

Matters on which we are required to report by exception

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance included in ‘Delivering Good Governance in Local Government: Framework (2016)’ published by CIPFA and SOLACE; or
- we have reported a matter in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have made a written recommendation to the Authority under section 24 of the Act in the course of, or at the conclusion of the audit; or
- we have exercised any other special powers of the auditor under the Act.

We have nothing to report in respect of the above matters.

Conclusion on the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Respective responsibilities of the Authority and auditor

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements. We are required under Section 20(1)(c) of the Act to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether in all significant respects the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2016, we are satisfied that in all significant respects the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

Certificate

We certify that we have completed the audit of the financial statements of the Authority in accordance with the requirements of the Act and the Code of Audit Practice.

John Farrar
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

4 Hardman Square
Spinningfields
Manchester
M3 3EB

24 August 2017

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with 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.

	Note	2016/17			2015/16 As Restated		
		Exp. £'000	Inc. £'000	Net £'000	Exp. £'000	Inc. £'000	Net £'000
Corporate Resources		6,518	(3,117)	3,401	5,146	(1,384)	3,762
Economic Growth		3,140	(1,672)	1,468	2,485	(1,169)	1,316
Housing, Health & Wellbeing		2,610	(2,913)	(303)	1,946	(670)	1,276
Leader of the Council		713	(210)	503	752	(206)	546
Localities & Environmental Quality		10,757	(5,445)	5,312	10,823	(4,873)	5,950
Regulatory Services		26,550	(26,074)	476	28,315	(27,558)	757
Tourism & Culture		810	(604)	206	1,010	(618)	392
Transformation		2,358	(318)	2,040	2,271	(311)	1,960
Cost of Services		**53,456**	**(40,353)**	**13,103**	**52,748**	**(36,789)**	**15,959**
(Gains)/losses on disposal of non-current assets	9			4,145			2,587
Parish council precepts				1,797			1,689
Other Operating Expenditure				**5,942**			**4,276**
Interest payable and similar charges	35.6			799			708
Interest receivable and similar income	35.6			(304)			(280)
Income & expenditure relating to investment properties	20			(1,488)			(1,382)
Changes in fair values of investment properties	20			(945)			(2,519)
(Gains)/losses on disposal of investment properties	9			0			317
Net interest on the net defined benefit liability	34			934			958
Financing and Investment Income and Expenditure				**(1,004)**			**(2,198)**
Capital grants and contributions	8.1			(90)			(1,455)
Unringfenced revenue grants	8.2			(4,433)			(4,989)
Council tax income	8.3			(6,602)			(6,466)
Non-domestic rates income and expenditure	8.4			(4,026)			(3,424)
Taxation and non-specific grant income and expenditure				**(15,151)**			**(16,334)**
(Surplus) or Deficit on Provision of Services				**2,890**			**1,703**
Items that will not be reclassified to (Surplus) or Deficit on Provision of Services							
(Surplus)/deficit on revaluation of non-current assets				(690)			(1,029)
Remeasurement of the net defined benefit liability	34			6,627			(3,820)
Items that may be reclassified to (Surplus) or Deficit on Provision of Services							
(Surplus)/ deficit on revaluation of available for sale financial assets (less amounts recycled on disposal)				0			0
Other Comprehensive Income and Expenditure				**5,937**			**(4,849)**
Total Comprehensive Income and Expenditure				**8,827**			**(3,146)**

Movement in Reserves Statement

This 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' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Movement in Reserves Statement shows how the movements in the Authority's reserves during the year 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 for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movement in the year following those adjustments.

2016/17	General Fund Balance[1] **£'000**	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	**Total Usable Reserves** (Note 16) **£'000**	Unusable Reserves (Note 17) £'000	**Total Authority Reserves £'000**
Balance at 1 April 2016 (as restated)	8,646	409	861	**9,916**	33,717	**43,633**
Surplus or (deficit) on provision of services	(2,890)	0	0	**(2,890)**	0	**(2,890)**
Other Comprehensive Income and Expenditure	0	0	0	**0**	(5,937)	**(5,937)**
Total Comprehensive Income and Expenditure	**(2,890)**	**0**	**0**	**(2,890)**	**(5,937)**	**(8,827)**
Adjustments between accounting basis & funding basis under regulations (note 15)	4,545	(31)	702	**5,216**	(5,216)	**0**
Net Increase/(Decrease) in Year	**1,655**	**(31)**	**702**	**2,326**	**(11,153)**	**(8,827)**
Balance at 31 March 2017	**10,301**	**378**	**1,563**	**12,242**	**22,564**	**34,806**

[1] The general fund balance comprises earmarked balances of £5,201k (31 March 2016: £3,575k) and un-earmarked general fund balance of £5,100k (31 March 2016: £5,071k)

2015/16 (As Restated)[2]	General Fund Balance[1] **£'000**	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	**Total Usable Reserves** (Note 16) **£'000**	Unusable Reserves (Note 17) £'000	**Total Authority Reserves £'000**
Balance at 1 April 2015	10,949	388	956	**12,293**	29,635	**41,928**
Correction of Prior Period Error	0	0	0	**0**	(1,441)	**(1,441)**
Balance at 1 April 2015 (as restated)	10,949	388	956	**12,293**	28,194	**40,487**
Surplus or (deficit) on provision of services	(1,703)	0	0	**(1,703)**	0	**(1,703)**
Other Comprehensive Income and Expenditure	0	0	0	**0**	4,849	**4,849**
Total Comprehensive Income and Expenditure	**(1,703)**	**0**	**0**	**(1,703)**	**4,849**	**3,146**
Adjustments between accounting basis & funding basis under regulations (note 15)	(600)	21	(95)	**(674)**	674	**0**
Net Increase/(Decrease) in Year	**(2,303)**	**21**	**(95)**	**(2,377)**	**5,523**	**3,146**
Balance at 31 March 2016	**8,646**	**409**	**861**	**9,916**	**33,717**	**43,633**

[1] The general fund balance comprises earmarked balances of £3,575k (31 March 2015: £3,974k) and un-earmarked general fund balance of £5,071k (31 March 2015: £6,975k)

[2] Details of the restatement of the 2015/16 Movement in Reserves Statement can be found in note 2.2

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 i.e. 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 includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve) and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

	Note	At 31/03/17 £'000	At 31/03/16 As Restated £'000	At 1/04/15 As Restated £'000
Property, Plant & Equipment	18	52,037	55,575	51,818
Heritage Assets	19	783	752	565
Investment Property	20	22,222	21,369	18,958
Intangible Assets	21	24	43	114
Long-term Investments	26	2,308	2,062	1,629
Long-term Debtors	24	36	37	38
Long-term Assets		**77,410**	**79,838**	**73,122**
Short-term Investments	26	0	0	2,005
Inventory	27	26	36	22
Short-term Debtors	28	5,298	5,738	5,097
Payments in Advance	28	1,513	979	25
Cash and Cash Equivalents	29	8,077	9,572	8,852
Assets held for sale	25	0	77	0
Current Assets		**14,914**	**16,402**	**16,001**
Bank Overdraft	29	(1,860)	(2,182)	(1,829)
Short-term Borrowing	30	(509)	(508)	(492)
Short-term Creditors	31	(4,366)	(4,368)	(3,521)
Receipts in Advance	32	(1,547)	(2,999)	(1,070)
Provisions	33	(760)	(878)	(1,031)
Current Liabilities		**(9,042)**	**(10,935)**	**(7,943)**
Long-term Creditors & Receipts in Advance	-	(332)	(332)	0
Provisions	33	(55)	(75)	(90)
Long-term Borrowing	30	(13,380)	(13,607)	(9,828)
Defined Benefit Pension Scheme	34	(34,709)	(27,658)	(30,775)
Long-term Liabilities		**(48,476)**	**(41,672)**	**(40,693)**
Net Assets		**34,806**	**43,633**	**40,487**
Usable Reserves	16	12,242	9,916	12,293
Unusable Reserves	17	22,564	33,717	28,194
Total Reserves		**34,806**	**43,633**	**40,487**

These financial statements replace the unaudited financial statements certified by the Head of Financial Services on 28th June 2017.

Cash Flow Statement

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

	Note	2016/17 £'000	2015/16 As Restated £'000
Net surplus or (deficit) on the provision of services	-	(2,890)	(1,703)
Adjustment to surplus or (deficit) on the provision of services for non-cash movements	36	5,193	3,808
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	36	(380)	(1,597)
Net cash flows from Operating Activities		**1,923**	**508**
Net cash flows from Investing Activities	37	(2,543)	(4,570)
Net cash flows from Financing Activities	38	(553)	4,429
Net increase or (decrease) in cash and cash equivalents		**(1,173)**	**367**
Cash and cash equivalents at the beginning of the reporting period	29	7,390	7,023
Cash and cash equivalents at the end of the reporting period	29	**6,217**	**7,390**

1. Statement of Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Authority's transactions for the 2016/17 financial year and its financial position at 31st March 2017. The Accounts and Audit (England) Regulations 2015 require the Authority to prepare for each year, a statement of accounts in accordance with proper practices. Under section 21(2) of the Local Government Act 2003 these practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code), supported by International Financial Reporting Standards (IFRS).

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.

1.2 Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority 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 Authority.
- Revenue from the provision of services is recognised when the Authority 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 Authority.
- Supplies are recorded as expenditure when they are consumed; when there is a delay 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 on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where 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 circumstances indicate that 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.

1.3 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 short-term, highly liquid investments, with maturities of three months or less (from the date of acquisition), that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes of 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 Authority's cash management.

1.4 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 Authority's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior periods 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.

1.5 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are charged 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 they can be written off
- amortisation of intangible assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation or impairment losses or amortisation. It is however required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement. This contribution is known as the Minimum Revenue Provision (MRP) and is calculated on a prudent basis in accordance with statutory guidance. Depreciation, amortisation and revaluation and impairment losses are therefore replaced by the MRP in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.6 Council Tax and Non-Domestic Rates

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 (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.

Accounting for Council Tax and NDR

The council tax and Non-Domestic Rates (NDR) income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority'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 Authority'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.

1.7 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those expected to be settled wholly within 12 months of the end of the annual reporting period in which the employees render the related service. Short-term employee benefits include wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits and are recognised as an expense in the year in which employees render service to the Authority.

An accrual is made for the cost of leave entitlement (or any form of paid absence leave, for example time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is 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 to the Accumulated Absences account so that the cost of paid absences is charged to the General Fund in the financial year in which the employee takes their entitlement or the Authority makes a cash settlement.

Termination Benefits

Termination benefits are amounts payable as a result of either:

(i) the Authority's decision to terminate an employee's employment before the normal retirement date, or

(ii) an employee's decision to accept an offer of benefits in exchange for the termination of employment (for example an officer's decision to accept voluntary redundancy).

Termination benefits are charged on an accruals basis to the appropriate service segment or, where applicable, a corporate service segment in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in 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 Authority are members of the Cumbria Local Government Pension Scheme administered by Cumbria County Council. The scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees work for the Authority. The scheme is accounted for as a defined benefit scheme:

- The liabilities of the Cumbria Local Government Pension Scheme attributable to the Authority 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 demographic assumptions such as mortality rates and employee turnover rates and financial assumptions such as projections of future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate determined by reference to market yields at the end of the reporting period on high quality corporate bonds.
- The assets of the Cumbria Local Government Pension Scheme attributable to the Authority 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 - fair value in accordance with the Royal Institute of Chartered Surveyors' Valuation - Professional Standards.

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

- current service cost - the increase in the present value of a defined benefit obligation resulting from employee service in the current period – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost - the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the Authority in the number of employees covered by a plan) - charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of the Corporate Resources portfolio
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority - the change during the period in the net defined benefit liability (asset) that arises from the passage of time is charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The net interest expense is calculated by multiplying the net defined benefit liability (asset) at the beginning of the reporting period by the discount rate used to measure the defined benefit obligation determined at the start of the reporting period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Interest cost on the current service cost is included in the current service cost component.
- remeasurements comprising:
    - 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, and
    - 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

- contributions paid to the Cumbria Local Government Pensions Scheme – 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 Authority to the pension fund or directly to pensioners in the reporting period, 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 on the basis of retirement benefits payments and contributions payable to the Cumbria Local Government Pension Scheme for the reporting period in accordance with the statutory requirements governing the scheme rather than as benefits earned by employees.

Discretionary Benefits

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

1.8 Events after the Balance Sheet Date

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:

(i) 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

(ii) 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.

1.9 Financial Instruments

Financial assets and financial liabilities are recognised on the Balance sheet when the Authority becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus directly attributable transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value and transaction costs expensed. Immaterial transaction costs on initial recognition are written off immediately to Surplus or Deficit on the Provision of services.

Financial assets and financial liabilities are measured subsequently as described below.

Financial liabilities

The Authority’s financial liabilities include borrowings, trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading that are carried subsequently at fair value with gains or losses recognised in the Surplus or Deficit on the Provision of Services.

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and the interest charged to the Comprehensive Income and Expenditure Statement, the amount payable for the year according to the loan agreement.

Short duration payables - such as trade payables - with no stated interest rate are measured at their original invoice amount.

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

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The difference between the amount charged or credited to the General Fund and the amount charged or credited to the Comprehensive Income and Expenditure Statement is reconciled by a transfer to the Financial Instruments Adjustment Account (FIAA) within the Movement in Reserves Statement.

Financial Assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Loans and receivables – non derivative financial assets that have fixed or determinable payments but are not quoted in an active market
- Available-for-sale assets – non derivative financial assets that have a quoted market price and/or do not have fixed or determinable payments.

The Authority does not hold any financial assets classified as fair value through profit or loss.

All financial assets are subject to review for impairment at each balance sheet date. Financial assets or a group of financial assets are impaired only if there is objective evidence of impairment as a result of one or more events occurring after initial recognition of the financial asset.

Events that provide objective evidence of impairment include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- the probability of the counterparty entering bankruptcy or other financial re-organisation.

Loans and Receivables

After initial recognition financial instruments classified as Loans and Receivables are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Authority's cash and cash equivalents (excluding money market funds), trade and most other receivables fall into this category of financial instrument.

Credits made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

For most loans made by the Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Short duration receivables - such as trade receivables - with no stated interest rate are measured at their original invoice amount less any allowance for any doubtful debts.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not individually significant or which are not considered to be individually impaired are reviewed collectively for impairment in groups, determined by reference to shared credit risk characteristics.

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 carrying amount of the financial asset is reduced by the impairment loss 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.

Where there is an impairment loss, interest income over the remaining term of the instrument is recognised by applying the original effective interest rate to the revised balance.

The Authority uses an allowance account to reduce the carrying amount of trade and other receivables that are considered to be impaired (or in the case of a reversal of a write-down, an increase). When a trade receivable is considered uncollectible it is written off against the allowance account. Any difference between the amount written off and the impairment loss previously included in the allowance account is recognised in the Comprehensive Income and Expenditure Statement.

Subsequent reversals of a write-down or recoveries of amounts previously written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Comprehensive Income and Expenditure Statement.

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.

Available-for-Sale Financial Assets

After initial recognition available-for-sale financial assets are measured at fair value. Gains and losses arising from a change in the fair value of an available-for- sale asset are recognised in Other Comprehensive Income and Expenditure and taken to the Available for Sale Reserve except for impairment losses, which are recognised in Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Where the asset has fixed or determinable payments, 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 amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments (e.g. dividends), income is credited to the Comprehensive Income and Expenditure Statement when the right to receive payment is established.

If there is objective evidence of impairment of an available-for-sale financial asset, the assets carrying amount is written down to the current fair value and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

When an available-for-sale financial asset is determined to be impaired the cumulative net loss previously recognised in Other Comprehensive Income and Expenditure - (that is the difference between amortised acquisition cost and current fair value less any impairment loss previously recognised in the Surplus or Deficit on the Provision of Services) - is removed from the Available-for-Sale Reserve and recognised in the Surplus or Deficit on the Provision of Services.

Where there is an impairment loss, interest income over the remaining term of the instrument is recognised by applying the rate of interest used in calculating the estimated recoverable amount (i.e. a prevailing market rate for a fixed rate instrument and the current variable rate under the contract for a variable rate instrument).

Reversals of impairment losses are recognised in other comprehensive income, except for financial assets that are debt instruments which are recognised in the surplus or deficit on the provision of services if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

When an available-for-sale financial asset is derecognised the cumulative gain or loss recognised in other comprehensive income is transferred from the available-for-sale reserve and recognised in Surplus or Deficit on the Provision of Services. The transfer is presented as a reclassification adjustment within Other Comprehensive Income and Expenditure.

Financial guarantees entered into before 1 April 2006

Financial guarantees entered into before 1 April 2006 are not required to be accounted for as financial instruments. These guarantees are instead reflected in the Statement of Accounts only to the extent that provisions might be required or a contingent liability note is needed under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

1.10 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 Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grant or contribution will be received.

Amounts recognised as due to the Authority 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 Capital Adjustment Account. Grants posted to the Capital Grants Unapplied Reserve are subsequently transferred to the Capital Adjustment Account when applied to fund capital expenditure.

1.11 Heritage Assets

Recognition

Tangible heritage assets are those assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. Intangible Heritage Assets are those assets with cultural, environmental, or historical significance. Operational heritage assets (i.e. those that, in addition to being held for their heritage characteristics, are also used by the authority for other activities or to provide other services) are accounted for as operational assets, and valued in the same way as other assets of that type (for example property, plant and equipment – see section 1.18)

The Authority's heritage assets consist of:

- historical sites
- monuments and statues
- nature reserves
- civic regalia
- museum collections.

Measurement

Heritage assets are recognised on the Authority's Balance Sheet where it has information on cost or value. Where this information is not available and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements, the assets are not recognised.

Acquisitions of heritage assets are initially recognised at cost or if bequeathed or donated at fair value as at the date of acquisition.

Subsequent to initial recognition heritage assets are measured at valuation using a method of valuation that is relevant and appropriate (for example insurance valuations). Where it is not practicable to obtain a valuation (at a cost which is commensurate with the benefits to users of the financial statements), and cost information is available, the assets are measured at historical cost (less any accumulated depreciation, amortisation and impairment losses). Heritage assets recognised on the Authority's Balance Sheet are measured using the following bases:

- historical sites, monuments and statues, nature reserves - historical cost (less any accumulated depreciation, amortisation and impairment losses
- civic regalia - current replacement cost
- collections - insurance values based on open market replacement cost for items of a comparable nature, age and condition
- Intangible heritage assets - historical cost (less any accumulated depreciation, amortisation and impairment losses).

Information on cost or value is not available for historical sites, monuments and nature reserves. Accordingly, except for expenditure incurred on the acquisition, creation or enhancement of these assets on or after 1 April 2010 these assets are not reported as assets in the balance sheet.

Revaluation Gains and Losses

Where heritage assets are measured at valuation, there is no prescribed minimum period between valuations. The carrying amount is however reviewed with sufficient frequency to ensure that valuations remain current.

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 an impairment or revaluation loss previously charged to the Surplus or Deficit on the Provision of Services.

Where the carrying amount of a heritage asset is decreased as a result of a revaluation the decrease is recognised in the Revaluation Reserve up to the balance of revaluation gains for that asset included in the Revaluation Reserve and thereafter against the relevant service line in the Comprehensive Income and Expenditure Statement.

Revaluation gains or losses charged to the Surplus or Deficit on the Provision of Services are not proper charges to the General Fund. Such amounts are therefore transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

Preservation Costs

Expenditure which, in the Authority's view, is required to preserve or clearly prevent further deterioration of individual collection items is recognised in the Surplus or Deficit on the Provision of Services when it is incurred.

Depreciation

The majority of the Authority's tangible heritage assets have indefinite lives and therefore the Authority does not consider it appropriate to charge depreciation. Where a useful life can be identified, straight line depreciation is applied.

Depreciation is provided for in relation to the Authority's intangible heritage assets by allocating the value of the asset in the balance sheet to the period expected to benefit from its use.

Impairment

The values of heritage assets are reviewed at the end of each financial year for evidence of impairment; for example where an item has suffered physical deterioration or breakage or where doubt arises over its authenticity. Impairment losses are accounted for in accordance with the recognition and measurement requirements set out in sections 1.18 Property, Plant and Equipment and 1.12 Intangible Assets below.

1.12 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority 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 to the Authority.

Internally generated assets are recognised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment wherever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.13 Interests in Companies and Other Entities

In the Authority's single-entity accounts, interests in companies and other entities that meet the definition of a subsidiary, associate or jointly controlled entity, and are not classified as held for sale, are recorded at cost, less any provision for losses.

1.14 Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the first-in first-out (FIFO) costing formula.

1.15 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 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. The fair value of investment property held under a lease is the lease interest. As a non-financial asset, investment properties are measured at highest and best use.

Investment properties are not depreciated but are revalued annually according to market conditions at the balance sheet date.

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.

Under statutory arrangements gains or losses resulting from the revaluation or disposal of investment property are not proper charges to the General Fund. 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 Accounts and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement.

1.16 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 asset from the lessor to 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.

(i) The Authority as lessee

Finance Leases

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

Lease payments are apportioned between:

- the amount applied to write down the lease liability, and
- the finance charge - debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The finance charge is calculated so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

The Authority is not required to raise council tax to fund depreciation, revaluation or impairment losses on leased assets. It is however required to make an annual contribution from revenue towards the deemed capital investment in accordance with statutory requirements. This contribution is known as the Minimum Revenue Provision (MRP). Depreciation, revaluation and impairment losses on leased assets are therefore replaced by the MRP in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

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 asset. Charges are made on a straight-line basis over the lease term unless another systematic basis is more representative of the benefits received by the Authority.

(ii) The Authority as lessor

Finance Leases

Where the Authority grants a finance lease over a property, or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line (PPE or Assets held for Sale) or Financing and Investment Income and Expenditure line (Investment Property) in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a receivable (long-term debtor) in the Balance Sheet.

Lease rentals receivable are apportioned between:

- repayment of principal - applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement).

Finance income is calculated so as to produce a constant periodic rate of return on the net investment.

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

When the future rentals are received the element for the capital receipt for the disposal of the asset is used to write down the lease debtor and a corresponding transfer made to transfer the deferred capital receipt to the Capital Receipts Reserve.

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

Operating Leases

Where the Authority 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.

1.17 Overheads and Support Services

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

1.18 Property, Plant and Equipment (PPE)

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 Authority 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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account.

Where gains are credited to the Comprehensive Income and Expenditure, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction - depreciated historical cost
- 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.

Non-property assets that have short useful lives or low values (or both) are measured on a depreciated historical cost basis as a proxy for current value.

Assets measured at current value are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from their current value at the balance sheet date, but as a minimum every five years. Increases in valuations, other than those that arise from the reversal of an impairment or revaluation loss previously charged to the Surplus or Deficit on the Provision of Services, are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Revaluation gains that arise from the reversal of an impairment or revaluation loss previously charged to the Surplus or Deficit on the Provision of Services are credited to the Surplus or Deficit on the Provision of Services to the extent required to reinstate the carrying amount that would have been determined (net of amortisation or depreciation) had no revaluation decrease been recognised for the asset in prior years.

Where the carrying amount of an item of property, plant and equipment is decreased as a result of a revaluation the decrease is recognised in the Revaluation Reserve up to the balance of revaluation gains for that asset included in the Revaluation Reserve and thereafter against the relevant service line in the Comprehensive Income and Expenditure Statement.

Revaluation gains or losses charged to the Surplus or Deficit on the Provision of Services are not proper charges to the General Fund. Such amounts are transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

The Revaluation Reserve contains revaluation gains recognised since 1st 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 an impairment loss is identified on an asset carried at a revalued amount, the impairment loss is recognised in the Revaluation Reserve up to the balance of revaluation gains for that asset included in the Revaluation Reserve and thereafter against the relevant service line in the Comprehensive Income and Expenditure Statement. An impairment loss on an asset with a carrying value based on historical cost is recognised against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss, previously recognised in Surplus or Deficit on the Provision of Services, is reversed subsequently, the reversal is credited to the relevant service lines in the Comprehensive Income and Expenditure Statement, up to the amount required to reinstate the assets carrying amount (net of depreciation) had no impairment loss been recognised in prior years. Any increase in the assets carrying value above this amount is treated as a revaluation gain and credited to the Revaluation Reserve.

Impairment losses and reversal of impairment losses charged to the Surplus or Deficit on the Provision of Services are not proper charges to the General Fund. Such amounts are therefore transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

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:

Asset class	Depreciation method	Useful life
Operational Buildings	straight-line	4-50 years
Infrastructure Assets	straight-line	15-70 years
Operational Vehicles & plant	straight-line	3-20 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, each component is 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.

Depreciation charged to Surplus or Deficit on the Provision of Services is not a proper charge to the General Fund. Such amounts are therefore transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

1.19 Disposals of PPE and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset (PPE) 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 (except where the asset is normally measured at depreciated historical cost) and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

When an asset (or component of an asset) is disposed of or decommissioned, the carrying amount of the asset (or component of an asset) in the Balance Sheet (whether PPE or 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. Where it is not practicable to determine the carrying of a replaced or restored component of an asset the Authority uses the cost of the replacement component to estimate the cost of the replaced component at the time it was acquired or constructed (adjusted for depreciation and impairment if required). Receipts from disposals (if any) are credited to the same line 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 and can only be used for new capital investment, or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Capital receipts arising from disposals are therefore appropriated to the Capital Receipts 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.

1.20 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are recognised where:

- the Authority has a present obligation (legal or constructive) as a result of a past event
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account the risks and uncertainties. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year in which the conditions for recognition are met. 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 if it is virtually certain that reimbursements will be received if the Authority settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either

- it is not probable that an outflow of resources will be required, or
- the amount of the obligation cannot be measured reliably.

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

Contingent Assets

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

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

1.21 Reserves

The Authority 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 in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Surplus 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, retirement benefits and employee benefits. These reserves do not represent usable resources for the Authority.

1.22 Revenue Expenditure Funded from Capital under Statute

Expenditure required to be treated as capital expenditure under statutory provisions, but which does not result in the creation of non-current assets, is charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement. Where the Authority has determined to meet the cost of this expenditure from 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 to services so that there is no impact on the level of council tax.

1.23 VAT

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

1.24 Fair Value Measurement

The Authority measures some of its non-financial assets such as investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The price in the principal (or most advantageous) market used to measure the fair value of the asset or liability is not adjusted for transaction costs.

The highest and best use of a non-financial asset takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

The fair value measurement of financial liabilities assumes that a financial or non-financial liability is transferred to a market participant at the measurement date. The transfer assumes that the liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date.

The Authority uses valuation techniques to measure fair value that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities where fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the lowest level input to valuation techniques that is significant to the fair value measurement as a whole:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

For the purpose of fair value disclosures the Authority has determined appropriate classes of assets and liabilities on the basis of (a) the nature, characteristics and risks of the asset or liability; and (b) the level of the fair value hierarchy within which the fair value measurement is categorised.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Authority determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. Changes to Accounting Policies and Correction of Prior Period Error

2.1 New or amended accounting standards adopted

The 2016/17 Code of Practice on Local Authority Accounting (the Code) adopts the requirements of the following new or amended standards effective for the first time to annual periods beginning on or after 1 April 2016:

- Amendments to IAS 19 *Employee Benefits*: Defined Benefit Plans: Employee Contributions - *issued November 2013*.
- Annual Improvements to IFRSs 2010–2012 Cycle – issued December 2013
- Amendments to IFRS 11 *Joint Arrangements*: Accounting for Acquisitions of Interests in Joint Operations – May 2014.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* Clarification of Acceptable Methods of Depreciation and Amortisation – *May 2014*.
- Annual Improvements to IFRSs 2012–2014 Cycle
- Amendments to IAS 1: *Presentation of Financial Statements* Disclosure Initiative-issued December 2014

The 2016/17 Code also implements changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and introduces a new Expenditure and Funding Analysis as a result of the CIPFA and CIPFA/LASAAC Telling the Story review of the presentation of local authority financial statements.

Information on these new standards – and their impact on the Authority's single entity and group accounts - is set out below.

Amendments to IAS 19: Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. The narrow scope amendment to IAS 19 clarifies the treatment of contributions to defined benefit plans by employees or third parties based on whether those contributions are dependent on the number of years service provided by the employee.

Where contributions are linked to service, those contributions reduce the service cost as follows:

- if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute the contributions to the employees' periods of service
- if the amount of the contributions is independent of the number of years of service, the entity is permitted to recognise such contributions as a reduction of the service cost in the period in which the related service is rendered. [Examples of contributions that are independent of the number of years of service include those that are a fixed percentage of the employee's salary, a fixed amount throughout the service period or dependent on the employee's age.]

CIPFA/LASAAC has determined that for the pension schemes relevant to local government employee contributions are determined independently of years of service. Therefore in accordance with the amendments to the standard they should be recognised in the period the relevant service is rendered and not attributed in part to earlier years of service. Application of the amendment to IAS 19 has not had any material impact on amounts recognised in the Authority's single entity or group accounts.

Annual Improvements to IFRSs 2010 – 2012 Cycle

The 2010-2012 annual improvements cycle has resulted in amendments to various International Financial Reporting Standards (IFRSs) to clarify existing guidance. Application of these changes has had no material impact on the amounts recognised in the Authority's single entity or group accounts.

(i) IFRS 3 Business Combinations - Accounting for contingent consideration in a business combination

The amendments to IFRS 3 clarify that all contingent consideration classified as an asset or liability arising from a business combination should be subsequently measured at fair value at each reporting date, regardless of whether the contingent consideration is a financial instrument within the scope of IFRS 9 (or IAS 39, as applicable). Changes in fair value (other than measurement period adjustments) should be recognised in the surplus or deficit on provision of services. The amendment to IFRS 3 applies prospectively to business combinations for which the acquisition date is on or after 1 April 2016.

(ii) IFRS 8 Operating Segments; Aggregation of operating segments and Reconciliation of the total of the reportable segments' assets to the entity's assets

The amendments made to IFRS 8 clarify that:

- an entity must disclose the judgements made by management in applying the aggregation criteria to operating segments, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are 'similar'
- disclosure of the reconciliation of segment assets to total assets is only required if the reconciliation is reported regularly to the chief operating decision maker.

The amendments to IAS 8 apply retrospectively from 1 April 2016.

(iii) Amendment to the Basis for Conclusions on IFRS 13 Fair Value Measurement

The amendment to the basis for conclusions of IFRS 13 clarifies that the issue of IFRS 13 and consequential amendments to IAS 39 [and IFRS 9] do not remove the ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, when the effect of not discounting is immaterial. As the amendments do not contain any effective date they are considered to be effective immediately.

(iv) IAS 16 Property, Plant and Equipment - Revaluation method – proportionate restatement of accumulated depreciation and IAS 38 Intangible Assets - Revaluation method - proportionate restatement of accumulated amortisation

The amendments to IAS16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation and amortisation when an item of property, plant and equipment (PPE) or an intangible asset is revalued. The amendments clarify that when an item of PPE or intangible asset is revalued the carrying amount of that asset is adjusted to the revalued amount either by:

- adjusting the gross carrying amount in a manner that is consistent with the revaluation of the carrying amount and adjusting accumulated depreciation/amortisation at the date of the revaluation to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses (the non-elimination method); or

- eliminating any accumulated depreciation (and impairment) at the date of valuation against the gross carrying amount of the assets and restating the net amount to the revalued amount of the asset (the elimination method).

The improvements to IAS 16 and IAS 38 apply to all revaluations recognised in annual periods beginning on or after 1 April 2016 and in the immediately preceding annual period. However a change to the adaptations and interpretation of IAS 16 for the public sector context included in the 2016/17 Code means that for PPE the option in IAS 16 for the treatment of accumulated depreciation and impairment where the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset is withdrawn.

(v) IAS 24 Related Party Disclosures

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity subject to the related party disclosures. Consequently, the reporting entity should disclose as related party transactions amounts incurred for key management personnel services provided by a separate management entity.

The amendment to IAS 24 applies retrospectively from 1 April 2016.

Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations

The narrow-scope amendments to IFRS 11 add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.

The amendments require the acquisition of an interest in a joint operation that constitutes a business as defined in IFRS 3 - Business Combinations to be accounted for using the business combinations accounting principles contained in IFRS 3 and other standards with the exception of those principles that conflict with the guidance in IFRS 11 and disclose the information that is required in those IFRSs in relation to business combinations. The amendments to IFRS 11 apply prospectively from 1 April 2016.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

These amendments to IAS 16 and IAS 38 provide additional guidance on how the depreciation and amortisation of property, plant and equipment (PPE) and intangible assets should be calculated. The amendments prohibit the use of revenue-based depreciation for PPE and limit the use of revenue-based amortisation for intangible assets to those circumstances:

(i) where the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold, or

(ii) when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

The amendments are effective prospectively from 1 April 2016.

Annual Improvements to IFRSs 2012–2014 Cycle

The 2012-2014 annual improvements cycle consists of amendments to various IFRSs including IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 - Financial Instruments: Disclosures and IAS 19 - Employee Benefits. The amendments clarify existing guidance and only one - IFRS 7 Financial Instruments: Disclosures - Servicing contracts - is applicable to local authorities. Adoption of these amendments has had no material impact on the amounts recognised in the Authority’s single entity or group accounts.

(i). IFRS 7 Financial Instruments: Disclosures - Servicing Contracts
The amendment adds additional guidance to clarify whether a servicing contract constitutes continuing involvement in a transferred financial asset for the purposes of the disclosures required. The amendment applies retrospectively from 1 April 2016.

Amendments to IAS 1: Disclosure Initiative

The narrow-focus amendments to IAS 1- Presentation of Financial Statements form part of the IASB’s Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- the materiality requirements in IAS 1
- that entities have flexibility as to the order in which they present the notes to financial statements
- that specific line items in the Comprehensive Income and Expenditure Statement and Balance sheet may be disaggregated
- that the share of other comprehensive income and expenditure of associates and joint ventures accounted for using the equity method, must be presented classified between those items that will or will not be subsequently reclassified to the Surplus or Deficit on the Provision of Services.

The amendments also clarify the requirements that apply when additional subtotals are presented in the Balance Sheet and in the Comprehensive Income and Expenditure Statement.

Changes to the format of the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the introduction of the new Expenditure and Funding Analysis

In addition to the changes introduced by new or amended accounting standards and interpretations the 2016/17 IFRS-based Code of Practice on Local Authority Accounting in the United Kingdom includes changes to the formats and reporting requirements for the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement and introduce a requirement to include an Expenditure and Funding Analysis in the notes to the financial statement.

The Code requires local authorities to include within the Comprehensive Income and Expenditure Statement gross expenditure, gross income and net expenditure of continuing operations, analysed by service. From 2016/17 the Code requires the service analysis to be presented on the basis of the organisational structure (including, where relevant, corporate support services) under which the Authority operates, rather than in accordance with the format and formal definition of ‘Total Cost’ specified in section 3 - *Service Expenditure Analysis* and section 2 – *The Definition of Total Cost* of the Service Reporting Code of Practice (SeRCoP).

This change means that where an authority operates and manages its corporate and support services separately these service segments will be shown separately on the face of the Comprehensive Income and Expenditure Statement.

The expenditure and funding analysis (note 6 to the financial statements) shows:

- how expenditure is used and funded from annual resources (government grants, rents, council tax and business rates) - as defined by statutory provisions for council tax purposes - in comparison with those economic resources consumed or earned by authorities in accordance with generally accepted accounting practices (as reported in the Comprehensive Income and Expenditure Statement)

- how this expenditure is allocated for decision making purposes.

The Expenditure and Funding Analysis replaces most of the previous segmental reporting requirements contained in the Code.

Changes to the minimum requirements for disclosure and presentation of items in the Movement in Reserves Statement include removing the requirement to:

- present separately amounts for surplus or deficit on the provision of services and other comprehensive income and expenditure
- disclose on the face of the Movement in Reserves Statement transfers to or from earmarked reserves
- show separately the movements in Earmarked General Fund Reserves and the Un-earmarked General Fund Balance in the classification of reserves used in the (columnar) analysis of reserves movements and replacing it with the requirement to present the movements on earmarked and un-earmarked General Fund Balances under the single heading 'General Fund Balance'

The new reporting formats and requirements for the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the Expenditure and Funding Analysis apply retrospectively from 1 April 2016.

In the 2016/17 Comprehensive Income and Expenditure Statement this change requires the comparative year (2015/16) service analysis, previously reported in accordance with the SeRCOP service expenditure (segmental) analysis, to be restated in line with the new format for reporting service income and expenditure.

The impact of this restatement - between the SeRCoP and internal reporting classifications - on the service expenditure analysis included in the Comprehensive Income and Expenditure Statement (CIES) - is shown in the following tables:

As reported in the 2015/16 CIES **SeRCoP service Line**	**Gross Expenditure £'000**	**Gross Income £'000**	**Net Expenditure £'000**
Central services to the public	2,431	(1,200)	1,231
Cultural & related services	5,186	(991)	4,195
Environmental & regulatory services	9,460	(3,651)	5,809
Planning services	2,548	(1,122)	1,426
Highways & transport services	1,848	(2,390)	(542)
Housing - other housing services	28,668	(27,185)	1,483
Corporate & democratic core	2,230	(250)	1,980
Non distributed costs	93	0	93
Cost of Services	**52,464**	**(36,789)**	**15,675**
Income & expenditure relating to investment properties	-	-	(1,057)

2015/16 As Restated Executive Portfolio	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
Corporate Resources	5,146	(1,384)	3,762
Economic Growth	2,485	(1,169)	1,316
Housing, Health & Wellbeing	1,946	(670)	1,276
Leader of the Council	752	(206)	546
Locality & Commercial Services	10,823	(4,873)	5,950
Regulatory Services	28,315	(27,558)	757
Tourism & Culture[1]	1,010	(618)	392
Transformation	2,271	(311)	1,960
Cost of Services	**52,748**	**(36,789)**	**15,959**
Income & expenditure relating to investment properties			(1,382)

[1] including prior period adjustment in respect of the Helena Thompson Museum Trust (note 2.2)

In the Movement in Reserves Statement for 2015/16, the impact of the requirement to present the movements on earmarked and un-earmarked General Fund Balances under the single heading 'General Fund Balance' on amounts previously reported is as follows:

2015/2016	As previously reported		As restated
	General Fund Balance £'000	Earmarked GF Reserves £'000	General Fund Balances £'000
Balance at 1 April 2015	**6,975**	**3,974**	**10,949**
Surplus or (deficit) on provision of services (accounting basis)	(3,444)	0	**(3,444)**
Other Comprehensive Income and Expenditure	0	0	**0**
Total Comprehensive Expenditure and Income	**(3,444)**	**0**	**7,505**
Adjustments between accounting basis & funding basis under regulations	1,141	0	**1,141**
Net Increase / Decrease before Transfers to Earmarked Reserves	**(2,303)**	**0**	**(2,303)**
Transfers to / from Earmarked Reserves[1]	399	**(399)**	**0**
Increase / Decrease in Year	**(1,904)**	**(399)**	**(2,303)**
Balance at 31 March 2016	**5,071**	**3,575**	**8,646**

[1] disclosure on the face of the Movement in Reserves Statement of transfers to or from earmarked reserves no longer required

2.2 Correction of Prior Period Errors

(i) Helena Thompson Museum Trust

The Authority is the sole trustee of Helena Thompson Museum Trust.

During the financial year the Authority obtained legal advice regarding governance of the Trust and the basis on which the Authority holds the property comprising the buildings and grounds of the Helena Thompson Museum and museum collection. Following this advice it was concluded that, contrary to the previous accounting treatment, the museum buildings, grounds and collection should not be included on the Authority's single entity balance sheet.

The Authority also updated its assessment as to whether or not it has control over the Trust in accordance with the definition of control and the related guidance set out in IFRS 10 and chapter 9 of the Code. Based on the relevant facts and circumstances and taking into account the legal advice received, the Authority concluded that it has control over the Trust and that accordingly it should, subject to materiality considerations, be included in the Authority's Group Accounts.

In accordance with the requirements of the Code:

- removal of the museum buildings and grounds and collection from the Authority's single entity balance sheet, and
- consolidation of the trust in the Authority's Group Accounts

has been accounted for retrospectively by:

- adjusting the opening balances of assets, liabilities and net worth for the earliest period presented, and
- adjusting the other comparative amounts disclosed for each prior period presented.

The impact of this restatement on individual line items included in the Authority only and Group Accounts is shown in the following tables.

Authority only accounts

Line item	2015/16 £'000	At 31.3.16 £'000	At 1.4.15 £'000
Comprehensive Income and Expenditure Statement			
Locality & Commercial Services	(41)	-	-
Movement in Reserves Statement			
Adjustment between accounting basis and funding basis under regulations	41	-	-
Balance Sheet			
Property Plant and Equipment	-	(927)	(968)
Heritage Assets	-	(473)	(473)
Revaluation Reserve	-	(904)	(924)
Capital Adjustment Account	-	(496)	(517)

Group accounts

Line item	2015/16 £'000	At 31.3.16 £'000	At 1.4.15 £'000
Comprehensive Income and Expenditure Statement			
Locality & Commercial Services	-	-	-
Balance Sheet			
Property Plant and Equipment	-	-	-
Heritage Assets	-	-	-
Short-Term Borrowing		(12)	(12)
Revaluation Reserve	-	(904)	(924)
Capital Adjustment Account	-	(496)	(517)
Group Reserves	-	1,412	1,453

(ii) Valuation of Investment property

During 2016/17 the Authority discovered an error in an investment property valuation at 31 March 2016, provided by external valuers. The 2015/16 financial statements have been restated to correct this error. The impact of this restatement on individual line items included in the Authority only and Group Accounts is shown in the following table.

Line item	2015/16 £'000	At 31.3.16 £'000
Comprehensive Income and Expenditure Statement		
Changes in fair values of investment properties	(1,700)	-
Movement in Reserves Statement		
Adjustment between accounting basis and funding basis under regulations	1,700	-
Balance Sheet		
Investment Property	-	1,700
Capital Adjustment Account	-	(1,700)

3. Critical Judgements made in applying Accounting Policies

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

i. Leases – determination of whether contractual arrangements entered into have the substance of a lease.

The Authority has made judgements on whether its contractual arrangements contain embedded leases. i.e. arrangements that do not have the legal form of a lease but convey a right to use an asset in return for payments in circumstances where fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys the right to use the asset.

In making those judgements the Authority has applied IFRIC 4 – Determining whether an Arrangement contains a Lease - and has determined that the service partnering agreements with Fomento de Construcciones y Contratas (FCC) Environment for waste collection and recycling and ISS for Grounds Maintenance Services, do not contain a leasing arrangement as fulfilment of the arrangement is not dependant on the use of specific assets. The expenditure on the FCC and ISS contracts are consequently charged to the appropriate service line item within the Comprehensive Income and Expenditure Statement.

Had the arrangements been determined to contain a lease, IAS 17: Leases - would apply. This would require the Authority to:

- separate payments under the contract into those for the lease and those for other elements of the contract on the basis of their relative fair values
- classify the lease as an operating or finance lease in accordance with IAS 17.

Classification of the leasing component of the arrangement as an operating lease would not have a material impact on the amounts charged to the Comprehensive Income and Expenditure Statement but would require the Authority to disclose in note 40 - Leases:

- the total future minimum lease payments payable at the balance sheet date
- the value of lease payments recognised as an expense in the period – with separate amounts shown for minimum lease payments and contingent rentals.

Classification of the lease as a finance lease would require the Authority to recognise the vehicles and other equipment subject to the embedded lease arrangement on its balance sheet along with a liability to pay the lessor and to account for these in accordance with the accounting policy set out in note 1(16).

The payments made under the contracts in 2016/17 amounted to £5.077m (2015/16 £5.375m).

Classification of the lease as a finance lease would impact on the portion of the contract payment included in the Comprehensive Income and Expenditure Statement. It would also require depreciation to be recognised on the vehicles and other equipment subject to the embedded lease arrangement. However, reversal of depreciation through the Movement in Reserves Statement to the Capital Adjustment Account and the recognition of MRP at an amount equal to the element of the lease payment that goes to write down the balance sheet liability, means that the overall charge to the general fund would again be unaffected by classification of the lease as a finance lease.

ii. Investment Properties – determination of whether land and buildings owned by the Authority are investment properties

In accordance with the Code of Practice on Local Authority Accounting and IAS 40 – Investment Property, the Authority classifies as investment property properties (i.e. land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both, rather than for:

a) use in the production or supply of goods or services or for administrative purposes, or

b) sale in the ordinary course of operations.

In accordance with IAS 40 the Authority classifies property held for a ‘currently undetermined future use’ as investment property and measures these assets at fair value based on the amount that would be paid for the asset in its highest and best use from a market participant’s perspective i.e. market value at the balance sheet date.

Under the Code, property held for a ‘currently undetermined future use’ may be classified as a surplus asset within property, plant and equipment and carried in the balance sheet at current value. Consistent with the requirements of the Code the current value of surplus assets is determined on the basis of fair value, estimated at highest and best use from a market participant’s perspective. The same basis used for the valuation of investment property.

iii Consolidation of charitable organisations controlled by the Authority

IFRS 10, Consolidated Financial Statements and the Code of Practice on Local Authority Accounting, requires the Authority to consolidate - in its group accounts - entities that it controls. Control exists only if an investor has (i) power over an investee (entity to be consolidated) i.e. existing rights that give it the current ability to direct (unilaterally) the relevant activities of the investee, (ii) exposure to variable returns from its involvement with an investee i.e. the returns have the potential to vary as a result of the entity's performance, and (iii) the ability to use its power to affect the level of variable returns. All three of these criteria must be met for an investor to have control over an investee. The terms ‘investor’ and ‘investee’ in the context of IFRS 10 and the Code are used to express a relationship where one entity controls another. The Authority (investor) is not required to have a financial interest in the investee for this to be the case.

The Code does not make any specific comments on the consolidation of charitable organisations in local authority financial statements. Local authorities are therefore required to follow the requirements of IFRS 10 in the Code and, where material, consolidate any charitable trust or fund where an authority meets the three criteria for control identified above.

The Authority is the sole trustee of:

- Keswick Museum and Art Gallery an unincorporated charitable trust established under a charity scheme dated 11th January 1995.
- Helena Thompson Museum an unincorporated charitable trust established under the will of the late Helena Agnes Mary Thompson.

Based on the relevant facts and circumstances the Authority has concluded that - notwithstanding the restrictions imposed by the trusts’ governing documents and charity law - it has control of both trusts and accordingly it should, subject to materiality considerations, include the assets, liabilities and reserves of the trusts in the Authority’s Group Accounts. In forming this judgement the Authority has taken into consideration its:

- ability to direct unilaterally the operating and financing activities under powers established by the trusts’ governing documents and by statute
- exposure to variable returns associated with its responsibilities as trustee and ongoing commitments to provide financial support to the trusts.

Non consolidation of Keswick Museum and Art Gallery would:

- reduce the carrying amount of non-current assets at 31 March 2017 by £1,134,140 (31 March 2016: £1,142,560)
- reduce the balance of group reserves at 31 March 2017 by £1,134,140 (31 March 2016: £1,142,560).

Non consolidation of the Helena Thompson Museum would:

- reduce the carrying amount of non-current assets at 31 March 2017 by £1,463,740 (31 March 2016: £1,412,370)
- reduce the balance of group reserves at 31 March 2017 by £1,463,740 (31 March 2016: £1,412,370).

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. The items in the Authority's Balance Sheet at 31 March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant & Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. Based on remaining asset lives it is estimated that the annual depreciation charge for operational assets will increase by £863,020 per year, if the useful lives of individual assets were to be reduced by two years. However, statutory accounting requirements mean that any increase in the depreciation charge would not impact on the General Fund.
Provisions	The Authority's balance sheet at 31 March 2017 includes provisions totalling £815,231 (31.3.16: £953,044). This includes: • £466,706 (31.3.16: £581,320) in respect of the Authority's share of the liability for refunding business ratepayers who successfully appeal against the rateable value of their properties on the rating list • £127,239 (31.3.16: £140,679) in respect of insured liabilities including £55,000 (31.3.16: £75,000) relating to the estimated liability for incidents incurred but not yet reported to the insurer or the Authority • A leasehold restoration provision of £169,111 (31.3.16 £0).	The amounts recognised in the financial statements are based on the best estimate of the expenditure required to settle the obligation. Any subsequent increase or decrease in the amounts required to settle these obligations over the amounts provided for in the financial statements would lead to a corresponding decrease or increase in the General Fund balance or - for changes to the provision for business rates appeals not yet distributed in accordance with statutory provisions – the Collection Fund Adjustment Account balance.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	A sensitivity analysis for each significant actuarial assumption as of the end of the reporting period, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date is set out in note 34. During 2016/17, the Authority's actuaries advised that the pension liability increased by £19.8m (2015/16: £4.6m decrease) as a result of re-measurements associated with actuarial gains and losses arising from changes in financial and demographic assumptions.

Item	Uncertainties	Effect if actual results differ from assumptions
Impairment of financial assets & other receivables	At 31 March 2017, the Authority had a sundry debtors balance of £1,442,216 (31 March 2016: £1,326,583) against which an allowance of £240,990 (31 March 2016: £270,437) has been made for the impairment of doubtful debts. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £240,990 to be set aside as an allowance for non-recovery of those debts.
Fair value measurements	The Authority uses an income approach or a market approach to measure the fair value of its investment properties. The significant unobservable inputs used in the fair value measurement of investment property using the income approach include assumptions relating to future rental income, vacancy levels and the applicable discount rate (market yield). Where the market approach is used properties are valued by reference to market-based evidence using observed prices for recent market transactions for comparable properties. Where appropriate, adjustments are made to market price information to reflect differences in the legal, economic or physical characteristics of the property being valued. These include significant unobservable adjustments to reflect differences in the nature, condition and location of the property, tenure and encumbrances. Information about the valuation techniques and key inputs used in determining the fair value of the Authority's investment properties is disclosed in note 20 (Investment Property).	Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement of investment properties.

5. Impact of New Accounting standards not yet Adopted

The 2016/17 Code of Practice on Local Authority Accounting (the Code) is prepared on the basis of accounting standards and interpretations issued by the International Accounting Standards and in effect for accounting periods commencing on or before 1 January 2016 (as adopted by the EU), unless specifically adapted by the Code. New or amended accounting standards and interpretations, issued and effective for accounting periods commencing on or before 1 January 2017, (as adopted by the EU) are included in the 2017/18 edition of the Code.

The 2017/18 edition of the Code - applicable to financial years commencing on or after 1 April 2017 - includes no changes impacting on the Authority's existing accounting policies, as a result of new or amended standards issued but not yet adopted.

6 Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the Authority for the year (i.e. government grants, rents, council tax and business rates) has been used in providing services in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Authority's Executive Portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

	2016/17			**2015/16**		
	Net Expenditure chargeable to General Fund (GF) Balances (statutory basis) **£'000**	**Adjustments between the Funding and Accounting Basis** Note 6.1a **£'000**	**Net Expenditure in Comprehensive Income & Expenditure Statement** (accounting basis) **£'000**	**Net Expenditure chargeable to General Fund (GF) Balances** (statutory basis) **£'000**	**Adjustments between the Funding and Accounting Basis** Note 6.1a **£'000**	**Net Expenditure in Comprehensive Income & Expenditure Statement** (accounting basis) **£'000**
Corporate Resources	5,283	(1,882)	3,401	5,319	(1,557)	3,762
Economic Growth	(269)	1,737	1,468	(411)	1,727	1,316
Housing, Health & Wellbeing	317	(620)	(303)	1,077	199	1,276
Leader of the Council	432	71	503	387	159	546
Localities & Environmental Quality	3,332	1,980	5,312	4,337	1,613	5,950
Regulatory Services	325	151	476	601	156	757
Tourism & Culture	157	49	206	340	52	392
Transformation	1,672	368	2,040	1,618	342	1,960
Net Cost of Services	**11,249**	**1,854**	**13,103**	**13,268**	**2,691**	**15,959**
Other Operating Expenditure	1,797	4,145	5,942	1,689	2,587	4,276
Financing & Investment Income & Expenditure	0	(1,004)	(1,004)	0	(2,198)	(2,198)
Capital expenditure financed from GF	497	(497)	0	2,065	(2,065)	0
Taxation & non-ringfenced grants	(15,198)	47	(15,151)	(14,719)	(1,615)	(16,334)
Other Income and Expenditure	**(12,904)**	**2,691**	**(10,213)**	**(10,965)**	**(3,291)**	**(14,256)**
(Surplus) or Deficit on the General Fund	**(1,655)**	**4,545**	**2,890**	**2,303**	**(600)**	**1,703**
Opening General Fund Balance	8,646			10,949		
Surplus or (Deficit) on General Fund in Year	1,655			(2,303)		
Closing General Fund Balance at 31 March	**10,301**			**8,646**		

6.1 Expenditure and Funding Analysis

Decisions about resource allocation are taken by the Authority's Executive on the basis of budget reports that analyse income and expenditure across eight Executive Portfolios.

These reports are prepared on a statutory basis (also referred to as the funding basis), reflecting amounts chargeable to the general fund under statutory provisions. This differs from the accounting policies (accounting basis) used in preparing the financial statements in accordance with the Code of Practice on Local Authority Accounting. In particular:

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

(a) Adjustments between the Funding and Accounting Basis

A summary of adjustments to Net Expenditure Chargeable to the General Fund (GF) to arrive at the Comprehensive Income and Expenditure Statement (CIES) amounts is shown in the following table:

2016/17	Reallocation of Other Income & Expenditure	Statutory Accounting Adjustments			Total
		Adjustments for Capital Purposes	Net change for Pensions Adjustments	Other Differences	
	(Note 6.1b)	(Note 6.1c)	(Note 6.1d)	(Note 6.1e)	
	£'000	£'000	£'000	£'000	£'000
Corporate Resources	(630)	(340)	(902)	(10)	(1,882)
Economic Growth	1,488	179	74	(4)	1,737
Housing, Health & Wellbeing	4	(705)	88	(7)	(620)
Leader of the Council	0	33	38	0	71
Localities & Environmental Quality	0	1,950	33	(3)	1,980
Regulatory Services	0	33	115	3	151
Tourism & Culture	0	29	17	3	49
Transformation	0	352	27	(11)	368
Net Cost of Services	**862**	**1,531**	**(510)**	**(29)**	**1,854**
Other Operating Expenditure	157	3,921	0	0	4,078
Financing and Investment Income and Expenditure	(1,019)	(945)	934	26	(1,004)
Capital expenditure charged to General Fund Balances	0	(430)	0	0	(430)
Taxation & non-ringfenced grants	0	(90)	0	137	47
Other income and expenditure from Expenditure and Funding Analysis	**(862)**	**2,456**	**934**	**163**	**2,691**
Difference between GF surplus or deficit and CIES Surplus or Deficit on the Provision of Services	**0**	**3,987**	**424**	**134**	**4,545**

2015/16	Reallocation of Other Income & Expenditure (Note 6.1b) £'000	Statutory Accounting Adjustments: Adjustments for Capital Purposes (Note 6.1c) £'000	Statutory Accounting Adjustments: Net change for Pensions Adjustments (Note 6.1d) £'000	Statutory Accounting Adjustments: Other Differences (Note 6.1e) £'000	Total £'000
Corporate Resources	(406)	(418)	(721)	(12)	(1,557)
Economic Growth	1,382	218	133	(6)	1,727
Housing, Health & Wellbeing	4	93	98	4	199
Leader of the Council	0	108	48	3	159
Localities & Environmental Quality	0	1,556	55	2	1,613
Regulatory Services	0	33	117	6	156
Tourism & Culture	0	31	26	(5)	52
Transformation	0	352	(11)	1	342
Net Cost of Services	**980**	**1,973**	**(255)**	**(7)**	**2,691**
Other Operating Expenditure	0	2,587	0	0	2,587
Financing and Investment Income and Expenditure	(980)	(2,202)	958	26	(2,198)
Capital expenditure charged to General Fund Balances	0	(2,065)	0	0	(2,065)
Taxation & non-ringfenced grants	0	(1,455)	0	(160)	(1,615)
Other income and expenditure from Expenditure and Funding Analysis	**(980)**	**(3,135)**	**958**	**(134)**	**(3,291)**
Difference between GF surplus or deficit and CIES Surplus or Deficit on the Provision of Services	**0**	**(1,162)**	**703**	**(141)**	**(600)**

(b) Reallocation of Other Income & Expenditure

Reallocations comprise amounts included in the portfolio service analysis used for decision making purposes but reported below the Net Cost of Services (NCS) line in the Comprehensive Income & Expenditure Statement.

	2016/17 £'000	2015/16 £'000
Capital expenditure charged to General Fund	(157)	0
Interest payable & similar charges	(773)	(682)
Interest & investment income	304	280
Income & expenditure relating to investment properties	1,488	1,382
Reallocation from Service Expenditure to Financing & Investment Income & Expenditure	**862**	**980**

(c) Adjustments for Capital Purposes

Adjustments for capital purposes comprise for:

(i) Net Cost of Services: the recognition of capital grants & contributions and revenue expenditure funded from capital under statute. They also include the addition of depreciation, impairments and revaluation losses on non-current assets (PPE).

(ii) Other Income and Expenditure totals:

- removal from the amounts reported for decision making purposes of items relating to the use of general fund balances (including the use of earmarked general fund balances) to finance capital expenditure and statutory provision for the financing of capital expenditure (Minimum Revenue Provision) neither of which are chargeable under generally accepted accounting practices
- recognition within the Other Operating Income and Expenditure of the gains and losses arising on derecognition of non-current assets (PPE)
- the inclusion of changes in the fair values of investment properties and (gains) or losses on disposal of investment properties within the Financing and investment income and expenditure line item, and
- the recognition of non-ringfenced capital grants, contributions and donations within the Taxation and non-specific grant income and expenditure line item.

	2016/17 £'000	2015/16 £'000
Depreciation, amortisation, impairment and revaluation	2,572	2,392
Revenue expenditure funded from capital under statute	1,348	686
Capital grants & contributions credited to cost of services	(1,978)	(587)
Capital receipts arising on repayment of grants	0	(12)
Statutory provision for the financing of capital investment (MRP)	(411)	(506)
(Gains)/losses on sale of non-current assets (PPE)	3,921	2,587
Changes in the fair values of investment properties	(945)	(2,519)
(Gains) or losses on disposal of investment properties	0	317
Non-ringfenced capital grants, contributions and donations	(90)	(1,455)
Use of General Fund & Earmarked balances to finance capital expenditure	(430)	(2,065)
	3,987	**(1,162)**

(d) Net Change for the Pensions Adjustments

The net change for the Pensions Adjustments comprises the removal of pension contributions and direct payments to pensioners and the addition of employee benefits pension related expenditure and income in accordance with the Code and IAS 19 Employee Benefits.

For the net cost of services the adjustments comprise the removal of the employer pension contributions and direct payments to pensioners made in accordance with statutory provisions and the inclusion of current service costs, past service costs/(gains) and (gains)/losses from curtailments.

For financing and investment income and expenditure the adjustment comprises the recognition of the net interest on the defined benefit liability chargeable to the Comprehensive Income and Expenditure Statement.

	2016/17 £'000	2015/16 £'000
IAS 19 pension costs included in net cost of services	1,389	1,425
Employers pension contributions and direct payments to pensioners	(1,899)	(1,680)
Net interest on net defined benefit liability	934	958
	424	**703**

(e) Other Differences

Other differences between amounts charged or credited to the Comprehensive Income and Expenditure Statement and amounts recognised under statute comprise for:

(i). Net Cost of Services: adjustments to expenditure to reflect timing differences associated with recognition of the costs of short-term paid absences (holiday pay)

(ii). Financing and Investment Income and Expenditure: adjustments to the General Fund for the timing differences associated with the recognition of premiums and discounts arising from the premature repayment of debt

(iii). Taxation and Non-Specific Grant Income and Expenditure: timing differences related to differences between the amount of council tax and non-domestic rates income credited to the Authority's general fund in accordance with statutory requirements and the amount of council tax and non-domestic rates income credited to the Comprehensive Income & Expenditure Statement under generally accepted accounting practices included in the Code.

	2016/17 £'000	2015/16 £'000
Movement on accrual for Employee Short-term Paid Absences	(29)	(7)
Adjustments involving the Financial Instrument Adjustment Account	26	26
Income from Council Tax – transfer to the Collection Fund Adjustment Account	58	(132)
Income from Business Rates – transfer to the Collection Fund Adjustment Account	79	(28)
	134	**(141)**

6.2 Expenditure and Income analysed by Nature

	2016/17 £'000	2015/16 £'000
Fees, charges & other service income	(8,567)	(7,552)
Interest & investment income (interest receivable)	(304)	(280)
Income and expenditure relating to investment properties	(1,488)	(1,417)
Income from council tax & business rates	(10,628)	(9,890)
Grants & contributions	(36,310)	(35,681)
Total Income	(57,297)	(54,820)
Employee expenses	8,270	8,096
Other service expenses	42,615	42,269
Depreciation, amortisation & impairment	2,572	2,392
Interest payments	799	734
Net interest on defined benefit pension liability	934	958
Precepts & levies	1,797	1,689
Change in fair value of investment properties	(945)	(2,519)
Gain or loss on disposal of non-current assets	4,145	2,904
Total operating expenses	60,187	56,523
(Surplus) or deficit on the provision of services	**2,890**	**1,703**

7. Grant income recognised in the cost of services

The Authority credited the following grants, contributions and donations to costs of services in the Comprehensive Income and Expenditure Statement.

7.1 Revenue Grants credited to Services in Comprehensive Income & Expenditure Statement

	2016/17 £’000	2015/16 £’000
DWP- Housing Benefit Administration	(347)	(375)
Grant received in relation to NNDR Cost of Collection Allowance	(187)	(183)
DWP - Grant received in relation to Rent Allowances	(23,821)	(25,509)
DWP - Discretionary Housing Payments	(211)	(188)
DCLG - Localising Council Tax Support Administration Subsidy	(134)	(119)
DCLG - Council Tax Flood Relief	(375)	(308)
DCLG - Bellwin	0	(218)
DCLG - Community Housing Grant	(773)	0
Sellafield Limited - Social Impact Investment Fund	(120)	0
BEC Social Fund	(332)	(123)
Grant received in relation to Area of Outstanding Natural Beauty	(133)	(144)
Grant received in relation to Solway Wetlands	(254)	(307)
Cumbria County Council - Second Homes Income	(200)	(203)
Cumbria County Council – Flood Grant Funding	(2,219)	(509)
Electoral Commission – P&CC election and EU referendum	(299)	0
Other Grants and contributions	(403)	(464)
	(29,808)	**(28,650)**

7.2 Capital Grants credited to Services in Comprehensive Income and Expenditure Statement

	2016/17 £'000	2015/16 £'000
Capital Grants received and applied in the current year		
Heritage Lottery Funding - Keswick Museum	0	(40)
Central Heating Fund (DECC)	(532)	0
Better Care Funding (DFG)	(710)	(450)
Capital Grants received in current year but not applied		
Central Heating Fund (DECC)	(494)	0
Better Care Funding (DFG)	(243)	(97)
	(1,979)	**(587)**

8. Taxation and Non-Specific Grant Income and Expenditure

The Authority has credited the following grants, contributions and donations to 'Taxation and non-specific grant income and expenditure' in the Comprehensive Income and Expenditure Statement.

8.1 Capital Grants Credited to Taxation and Non-Specific Grant Income

	2016/17 £'000	2015/16 £'000
Capital Grants received and applied in the current year		
WREN funding	(45)	0
Sports England – Lottery Funding	(45)	(1,455)
Capital Grants received in current year but not applied	0	0
	(90)	**(1,455)**

8.2 Unringfenced revenue grants credited to Taxation and Non-Specific Grant Income

	2016/17 £'000	2015/16 £'000
Revenue Support Grant	(1,700)	(2,523)
New Homes Bonus Scheme Grant	(1,525)	(1,068)
New Homes Bonus - Returned Funding Grant	(8)	(11)
Section 31 Grant - NNDR Autumn Statement Measures	(820)	(1,064)
Section 31 Grant – Flood Relief	(55)	(171)
Other	(325)	(152)
	(4,433)	**(4,989)**

8.3 Council tax income

	2016/17 £'000	2015/16 £'000
Precept	(6,511)	(6,226)
Distribution of estimated prior year (surplus)/deficit	(149)	(108)
Demand on Collection Fund	**(6,660)**	**(6,334)**
Share of actual surplus/(deficit) at 1 April	250	118
Share of actual (surplus)/deficit at 31 March	(192)	(250)
	(6,602)	**(6,466)**

8.4 Non-domestic rates income and expenditure

	2016/17 £'000	2015/16 £'000
Share of Non Domestic Rates Income	(11,278)	(10,547)
Tariff	6,952	6,894
Levy Expenditure	300	229
	(4,026)	**(3,424)**

9. Gains and losses on disposal of non-current assets

	2016/17			2015/16		
	Gains £'000	Losses £'000	Net £'000	Gains £'000	Losses £'000	Net £'000
Non-Current Assets Held for Sale	0	7	7	0	0	0
Property, Plant & Equipment	(5)	4,143	4,138	0	2,587	2,587
	(5)	**4,150**	**4,145**	**0**	**2,587**	**2,587**
Investment property	**0**	**0**	**0**	**(33)**	**350**	**317**

The loss of £4,150k incurred on disposal of Property, Plant & Equipment in 2016/17 includes a loss of £3,472k arising following the closure and subsequent demolition of the Moorclose Sports Centre.

The loss of £2,587k incurred on disposal of Property, Plant & Equipment in 2015/16 includes a loss of £2,573k associated with the transfer of the Carnegie Theatre to the Carnegie Theatre Trust (Workington) Limited on a 125 year lease at a nominal/peppercorn rent.

10. Trading Concerns

The Authority operates a number of trading operations. The financial results of these operations - included within net cost of services under the relevant service heading - are as follows:

	2016/17			2015/16		
	Turnover £'000	Expenditure £'000	(Surplus)/ Deficit £'000	Turnover £'000	Expenditure £'000	(Surplus)/ Deficit £'000
Off Street Parking	(2,465)	1,203	(1,262)	(2,225)	1,127	(1,098)
Building Control	(311)	327	16	(285)	324	39
Trade Waste	(997)	672	(325)	(938)	815	(123)
Carnegie Theatre	0	0	0	(39)	73	34
Pest Control	(26)	0	(26)	(23)	61	38
	(3,799)	2,202	(1,597)	**(3,510)**	**2,400**	**(1,110)**

Details of trading income and expenditure in respect of industrial units and other investment properties, reported within the Comprehensive Income and Expenditure Statement under the heading 'Income & expenditure relating to investment properties', are summarised in note 20 - Investment Property.

Operational responsibility for the Carnegie Theatre was transferred from the Authority to the Carnegie Theatre Trust (Workington) Limited in May 2015.

11. External Audit Costs

The Authority incurred the following costs in relation to the audit of the Statement of Accounts, and non-audit services provided by the Authority's external auditors:

	2016/17 £'000	2015/16 £'000
Fees payable with regard to external audit services carried out by the appointed auditor under the Code of Audit Practice prepared by the Comptroller and Auditor General	48	48
Fees payable for the certification of grant claims and returns	13	15
	61	**63**

12. Members' Allowances

The Authority paid the following amounts to members of the Council during the year:

	2016/17 £	2015/16 £
Basic Allowances	171,051	165,131
Special Responsibility Allowances	91,805	89,441
Expenses	11,265	13,992
Total	**274,121**	**268,564**

13. Officers' Remuneration

The number of employees (including senior employees) whose remuneration, excluding pension contributions, was £50,000 or more, in bands of £5,000 was:

Remuneration Band	Number of Employees	
	2016/17	2015/16
£50,000 - £54,999	5	6
£55,000 - £59,999	4	1
£60,000 - £64,999	0	0
£65,000 - £69,999	0	0
£70,000 - £74,999	0	0
£75,000 - £79,999	1	1
£80,000 - £84,999	0	0
£85,000 - £89,999	0	0
£90,000 - £94,999	0	0
£95,000 - £99,999	0	0
£100,000 - £104,999	1	1
Total	**11**	**9**

13.1 Senior Officers' Remuneration

Remuneration paid to the Authority's Senior Employees is as follows:

Remuneration for Senior Employees 2016/17					
Post Title	**Salary fees & allowances £**	**Expense Allowances £**	**Total excluding pension contributions £**	**Pension contributions £**	**Total including pension contributions £**
Chief Executive	102,150	1,239	103,389	11,923	115,312
Corporate Director - Resources	78,065	1,343	79,408	9,836	89,244
Head of Financial Services	56,258	319	56,577	7,088	63,665
Head of Governance	56,118	0	56,118	7,071	63,189
Head of Customer, Transformation & Commissioning	51,660	0	51,660	5,824	57,484
Head of Housing & Health	51,410	44	51,454	6,478	57,932
Head of Community Services	51,270	89	51,359	6,460	57,819
Head of Development Services	51,270	0	51,270	6,460	57,730
Head of Economic Growth	51,160	268	51,428	6,446	57,874
Head of People Resources[1]	38,500	0	38,500	4,851	43,351
Interim Head of People Resources[2]	10,325	2,167	12,492	0	12,492
	598,186	**5,469**	**603,655**	**72,437**	**676,092**

[1] The Head of People Resources left the Authority on 31 December 2016. During the period April to September 2016 this post was shared with Copeland Borough Council. Of the £38,500 paid during 2016/17 £13,092.69 was recharged to Copeland Borough Council under the terms of this arrangement.

[2] From January 2017 the role of Head of People Resources was provided on an interim basis by Stanhope Consultancy Limited.

Remuneration for Senior Employees 2015/16					
Post Title	**Salary fees & allowances £**	**Expense Allowances £**	**Total excluding pension contributions £**	**Pension contributions £**	**Total including pension contributions £**
Chief Executive	100,160	1,251	101,411	11,754	113,165
Corporate Director - Operations[1]	38,250	737	38,987	4,820	43,807
Corporate Director - Resources	76,660	1,307	77,967	9,659	87,626
Head of Financial Services	53,055	145	53,200	6,677	59,877
Head of Governance	51,980	0	51,980	6,549	58,529
Head of Customer, Transformation & Commissioning	48,500	2,035	50,535	6,102	56,637
Head of Housing & Health	52,755	149	52,904	6,647	59,551
Head of Community Services	51,161	72	51,233	6,442	57,675
Head of Development Services	50,533	54	50,587	6,363	56,950
	523,054	**5,750**	**528,804**	**65,013**	**593,817**

[1] the Corporate Director – Operations left the Authority in September 2015.

14. Exit Packages

The number of exit packages with total cost per band and the total cost compulsory and other departures is set out in the following table:

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	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
£0 - £20,000	3	5	1	2	4	7	£34,545	£73,071
£20,001 - £40,000	0	2	1	0	1	2	£21,527	£60,515
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	1	0	0	0	1	0	£60,337	0
£80,001 - 100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
	4	**7**	**2**	**2**	**6**	**9**	**£116,409**	**£133,586**

15. Adjustment between Accounting Basis & Funding Basis under Regulations

This note details the adjustments 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. A description of the reserves that the adjustments are made against is set out in notes 16 and 17.

2016/17	General Fund £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
Adjustments primarily involving Capital Adjustment Account				
Reversal of items debited/credited to the Comprehensive Income & Expenditure Statement				
Depreciation and Impairment of non-current assets	2,518			(2,518)
Revaluation losses	34			(34)
Movement in the fair value of investment properties	(945)			945
Amortisation of intangible assets	20			(20)
Capital Grants & contributions	(1,331)			1,331
Revenue expenditure funded from capital under statute	1,348			(1,348)
Income in relation to donated assets	0			0
Carrying amount of non-current assets written off on derecognition as part of the gain or loss on disposal	4,211			(4,211)
Items not debited or credited to the Comprehensive Income & Expenditure Statement				
Statutory provision for the financing of capital investment	(411)			411
Capital expenditure to General Fund	(430)			430
	5,014	**0**	**0**	**(5,014)**
Adjustments primarily involving Capital Grant Unapplied Account				
Capital grants & contributions unapplied credited to the Comprehensive Income & Expenditure Statement	(737)		737	
Application of grants to finance capital expenditure transferred to the Capital Adjustment account			(35)	35
	(737)	**0**	**702**	**35**
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of cash sale proceeds credited to the Comprehensive Income & Expenditure Statement as part of gain/loss on disposal	(280)	280		
Capital receipts arising on repayment of grants	0	0		
Use of Capital Receipts Reserve to finance new capital expenditure		(312)		312
Capital receipt arising on repayment of long term loan advances		1		(1)
	(280)	**(31)**	**0**	**311**
Adjustments primarily involving the Deferred Capital Receipts Reserve				
Deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(10)			10
	(10)	**0**	**0**	**10**

2016/17 Continued	General Fund £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
Adjustments involving the Financial Instrument Adjustment Account				
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	26			(26)
	26	**0**	**0**	**(26)**
Adjustments involving the Pension Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	2,323			(2,323)
Employers pension contributions and direct payments to pensioners payable in the year	(1,899)			1,899
	424	**0**	**0**	**(424)**
Adjustments involving the Collection Fund Adjustment Account				
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income & Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	137			(137)
	137	**0**	**0**	**(137)**
Adjustments involving the Accumulated Absences Account				
Movement on accrual for short-term compensated absences	(29)			29
	(29)			**29**
Movement during the year	**4,545**	**(31)**	**702**	**(5,216))**

2015/16 (As restated)	General Fund £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
Adjustments primarily involving Capital Adjustment Account				
Reversal of items debited/credited to the Comprehensive Income & Expenditure Statement				
Depreciation and Impairment of non-current assets	2,319			(2,319)
Revaluation losses	2			(2)
Movement in the fair value of investment properties	(2,519)			2,519
Amortisation of intangible assets	71			(71)
Capital Grants & contributions	(1,945)			1,945
Revenue expenditure funded from capital under statute	686			(686)
Income in relation to donated assets	0			0
Carrying amount of non-current assets written off on derecognition as part of the gain or loss on disposal	3,045			(3,045)
Items not debited or credited to the Comprehensive Income & Expenditure Statement				
Statutory provision for the financing of capital investment	(506)			506
Capital expenditure to General Fund	(2,064)			2,064
	(911)	**0**	**0**	**911**
Adjustments primarily involving Capital Grant Unapplied Account				
Capital grants & contributions unapplied credited to the Comprehensive Income & Expenditure Statement	(97)		97	
Application of grants to finance capital expenditure transferred to the Capital Adjustment account			(192)	192
	(97)	**0**	**(95)**	**192**
Adjustments primarily involving the Capital Receipts Reserve				
Transfer of cash sale proceeds credited to the Comprehensive Income & Expenditure Statement as part of gain/loss on disposal	(142)	142		
Capital receipts arising on repayment of grants	(12)	12		
Use of Capital Receipts Reserve to finance new capital expenditure		(134)		134
Capital receipt arising on repayment of long term loan advances		1		(1)
	(154)	**21**	**0**	**133**
Adjustments primarily involving the Deferred Capital Receipts Reserve				
Deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0
	0	**0**	**0**	**0**

2015/16 Continued	General Fund £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
Adjustments involving the Financial Instrument Adjustment Account				
Amount by which finance costs charged to the Comprehensive Income & Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	26	0	0	(26)
	26	**0**	**0**	**(26)**
Adjustments involving the Pension Reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	2,383			(2,383)
Employers pension contributions and direct payments to pensioners payable in the year	(1,680)			1,680
	703	**0**	**0**	**(703)**
Adjustments involving the Collection Fund Adjustment Account				
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income & Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(160)	0	0	160
	(160)	**0**	**0**	**160**
Adjustments involving the Accumulated Absences Account				
Movement on accrual for short-term compensated absences	(7)	0	0	7
	(7)	**0**	**0**	**7**
Movement during the year	**(600)**	**21**	**(95)**	**674**

16. Usable Reserves

Reserve	At 31 March 2016 £'000	Net movement in the year £'000	At 31 March 2017 £'000	Note
Earmarked General Fund Reserves	3,575	1,626	5,201	16.1
Un-earmarked General Fund Balance	5,071	29	5,100	16.2
Total General Fund Balance	8,646	1,655	10,301	
Capital Receipts Reserve	409	(31)	378	16.3
Capital Grants Unapplied	861	702	1,563	16.4
Total Usable Reserves	**9,916**	**2,326**	**12,242**	

16.1 Earmarked Reserves

This note summarises the amounts set aside from the General Fund in Earmarked Reserves to provide financing for the future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund expenditure 2016/17.

2016/17	31.3.16 £'000	Application £'000	Contributions & transfers £'000	Release to General Fund £'000	31.3.17 £'000
Asset Management	45	(32)	5	(1)	17
Elections	14	(14)	35	0	35
Insurance	93	(2)	0	0	91
Anti-Poverty	65	(64)	0	0	1
Revenue Financing	146	(42)	134	0	238
Resurfacing Works	0	0	0	0	0
Pension Enrolment Scheme	100	0	50	0	150
External Legal Services	0	0	466	0	466
Other Corporate Resources	139	(28)	9	(29)	91
Enterprise Coaches (WISE)	116	(83)	0	0	33
Planning Policy	106	(17)	15	0	104
Economic Growth	75	(46)	126	0	155
Other Economic Growth Portfolio	185	(79)	39	0	145
Major Incident Response	0	0	73	0	73
Community Housing Fund	0	0	762	0	762
Other Housing, Health & Wellbeing	31	(11)	10	(19)	11
Corporate Transformation	0	0	379	0	379
Other Leader of the Council	125	(80)	0	(7)	38
Leisure Activities	103	(80)	0	0	23
Weekly Collection Support Scheme	125	0	0	0	125
Other Locality & Environmental Quality	152	(41)	77	(21)	167
Revenues & Benefits	175	(70)	(41)	(4)	60
Other Regulatory Services	53	(22)	0	(15)	16
Festivals & Community Events	51	(33)	0	0	18
Solway AONB	0	0	29	0	29
Other Tourism & Culture	15	(14)	7	(1)	7
Communications & Marketing	0	0	95	0	95
Other Transformation	239	(69)	6	(27)	149
AIP Loan Notes	222	0	0	0	222
NNDR Rate Pool Volatility Fund	102	0	0	0	102
Business Rate Income	621	0	0	0	621
AIP Loan Note Interest	306	0	246	0	552
NNDR - Section 31 Grant	171	0	55	0	226
	3,575	**(827)**	**2,577**	**(124)**	**5,201**

2015/16	31.3.15 £'000	Application £'000	Contributions & transfers £'000	Release to General Fund £'000	31.3.16 £'000
Asset Management	104	(56)	(3)	0	45
Elections	110	(110)	14	0	14
Insurance	116	(23)	0	0	93
Anti-Poverty	215	(150)	0	0	65
Revenue Financing	10	(10)	146	0	146
Resurfacing Works	109	0	(109)	0	0
Pension Enrolment Scheme	50	0	50	0	100
Other Corporate Resources	113	(40)	67	(1)	139
Enterprise Coaches (WISE)	154	(58)	20	0	116
Planning Policy	123	0	(17)	0	106
Financial Planning & Economic Growth	582	(305)	(202)	0	75
Other Economic Growth Portfolio	170	(42)	57	0	185
Other Housing, Health & Wellbeing	16	(7)	25	(3)	31
Other Leader of the Council	56	(23)	92	0	125
Leisure Activities	150	(47)	0	0	103
Weekly Collection Support Scheme	249	(124)	0	0	125
Other Locality & Commercial Services	128	(29)	53	0	152
Revenues & Benefits	286	(111)	0	0	175
Other Regulatory Services	116	(48)	(15)	0	53
Festivals & Community Events	111	(60)	0	0	51
Other Tourism & Culture	3	0	15	(3)	15
Other Transformation	245	(92)	86	0	239
AIP Loan Notes	0	0	222	0	222
NNDR Rate Pool Volatility Fund	42	0	60	0	102
Business Rate Income	621	0	0	0	621
AIP Loan Note Interest	95	0	211	0	306
NNDR - Section 31 Grant	0	0	171	0	171
	3,974	**(1,335)**	**943**	**(7)**	**3,575**

16.2 General Fund

The General Fund is the statutory fund into which all receipts of the 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 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 Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year.

	2016/17 £'000	2015/16 £'000
General Fund Balance at 1 April	5,071	6,975
Increase/(decrease) in year	29	(1,904)
Balance at 31 March	**5,100**	**5,071**

16.3 Capital Receipts Reserve

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

	2016/17 £'000	2015/16 £'000
Balance at 1 April	409	388
Sale proceeds credited to the Comprehensive Income & Expenditure Statement as part of gain/loss on disposal	281	142
Capital receipt arising on repayment of grant assistance & long term loan advances	0	13
Capital receipts received in the year	281	155
Receipts applied to finance capital expenditure during the year	(312)	(134)
Balance at 31 March	**378**	**409**

16.4 Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the balance of grants and contributions received towards capital projects in respect of which the Authority 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.

	2016/17 £'000	2015/16 £'000
Balance as at 1 April	861	956
Capital Grants received in previous years and applied in current year	(35)	(192)
Capital Grants received in current year but not applied	737	97
Balance at 31 March	**1,563**	**861**

17 Unusable Reserves

Reserve	At 1 April 2016 £'000	Movement in the Year £'000	At 31 March 2017 £'000	Note
Revaluation Reserve	13,471	(2,109)	11,362	17.1
Capital Adjustment Account	46,933	(1,869)	45,064	17.2
Financial Instruments Adjustment Account	(29)	(26)	(55)	17.3
Deferred Capital Receipts Reserve	1,523	10	1,533	17.4
Accumulated Absences Account	(115)	29	(86)	17.5
Pensions Reserve	(27,658)	(7,051)	(34,709)	17.6
Collection Fund Adjustment Account	(418)	(137)	(555)	17.7
Available for Sale Financial Instruments Reserve	10	0	10	17.8
	33,717	**(11,153)**	**22,564**	

17.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment and Heritage Assets. The balance is reduced when assets with accumulated gains are:

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

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

	2016/17 £'000	2015/16 As restated £'000
Balance as at 1 April	13,471	14,763
Revaluation of assets	690	1,029
Amounts written off to the capital adjustment account:		
Difference between fair value depreciation and historical cost depreciation – current year	(1,019)	(902)
Accumulated gains on assets sold or scrapped – current year	(1,780)	(1,419)
Balance at 31 March	**11,362**	**13,471**

17.2 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or the addition of subsequent costs to non-current asset under statutory provisions. The account is debited with the cost of acquisition, construction or subsequent costs, as depreciation, impairment losses and amortisation are charged to the

Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and subsequent costs. The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2016/17 £'000	2015/16 As restated £'000
Balance at 1 April	46,933	43,376
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Depreciation of non-current assets	(2,518)	(2,319)
Revaluation losses on Property, Plant and Equipment & Heritage Assets	(34)	(2)
Amortisation of intangibles	(20)	(71)
Revenue Expenditure Funded from Capital Under Statute	(1,348)	(686)
Carrying 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	(4,211)	(3,045)
Adjusting amounts written out of the Revaluation Reserve:		
Accumulated gains on assets sold written out of the Revaluation Reserve	1,780	1,419
Difference between fair value depreciation and historical cost depreciation	1,019	902
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	312	134
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	1,331	1,945
Application of grants to capital financing from the Capital Grants Unapplied Account	35	192
Statutory provision for the financing of capital investment charged against the General Fund (minimum revenue provision)	411	506
Capital expenditure charged against the General Fund balance	430	2,064
Movements in the fair value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	945	2,519
Write down of long term debtor balances	(1)	(1)
Balance at 31 March	**45,064**	**46,933**

17.3 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains in accordance with statutory provisions. The Authority uses the Account to manage premiums and discounts paid or received on the early redemption of loans. Premiums and discounts charged or credited to the Comprehensive Income and Expenditure Statement when incurred, are reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense/income is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax.

	2016/17 £'000	2015/16 £'000
Balance at 1 April	(29)	(3)
Discount received/premium paid in the year and charged to the Comprehensive Income and Expenditure Statement	0	0
Discount received in previous financial years credited to the General fund in accordance with statutory provisions	(38)	(38)
Premiums incurred in previous financial years charged to the General Fund in accordance with statutory provisions	12	12
Difference between the amount charged or credited to the Comprehensive Income and Expenditure Statement in accordance with the Code and the amount charged or credited to the General Fund in accordance with statutory requirements	(26)	(26)
Balance at 31 March	**(55)**	**(29)**

17.4 Deferred Capital Receipts Reserve

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

	2016/17 £'000	2015/16 £'000
Balance at 1 April	1,523	1,523
Deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	10	0
Transfer to the Capital Receipts Reserve upon receipt of cash	0	0
Balance at 31 March	**1,533**	**1,523**

17.5 Accumulated Absences Account

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

	2016/17 £'000	2015/16 £'000
Balance at 1 April	(115)	(122)
(Increase)/decrease in accrual for compensated absences during the year	29	7
Balance at 31 March	**(86)**	**(115)**

17.6 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 Authority 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 Authority makes employer's contributions to the pension fund or pays pensions for which it is directly responsible. The debit balance on the Pensions Reserve shows the shortfall between the benefits earned by past and current employees and the resources the Authority 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.

	2016/17 £'000	2015/16 £'000
Balance at 1 April	(27,658)	(30,775)
Remeasurement of the net defined benefit liability/(asset)	(6,627)	3,820
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services	(2,323)	(2,383)
Employers pension contributions and direct payments to pensioners payable in the year	1,899	1,680
Balance at 31 March	**(34,709)**	**(27,658)**

17.7 Collection Fund Adjustment Account

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

	2016/17 £'000	2015/16 £'000
Balance at 1 April	(418)	(578)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(137)	160
Balance at 31 March	**(555)**	**(418)**

17.8 Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

	2016/17 £'000	2015/16 £'000
Balance at 1 April	10	10
Upward revaluation of investments	0	0
Downward revaluation of investments not charged to the Surplus or Deficit on the Provision of Services	0	0
Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of the Other Investment Income	0	0
Balance at 31 March	**10**	**10**

18. Property, Plant and Equipment

2016/17	Other Land & Buildings £'000	Equipment & Vehicles £'000	Infra-structure £'000	Community Assets £'000	Assets under Const. £'000	Total £'000
Cost or Valuation						
At 1 April 2016	35,042	859	16,788	2,015	9,694	64,398
Additions	0	412	128	0	1,765	2,305
Revaluation increases/(decreases) recognised in the Revaluation Reserve	61	0	0	0	0	61
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(33)	0	0	0	0	(33)
Derecognition - disposals	(4,433)	(424)	0	(40)	0	(4,897)
Transfers	10,625	424	0	0	(11,049)	0
At 31 March 2017	**41,262**	**1,271**	**16,916**	**1,975**	**410**	**61,834**
Accumulated Depreciation and Impairment						
At 1 April 2016	(1,300)	(754)	(6,769)	0	0	(8,823)
Depreciation Charge	(1,904)	(18)	(589)	0	0	(2,511)
Depreciation written out to the Revaluation Reserve	610	0	0	0	0	610
Derecognition - disposals	927	0	0	0	0	927
At 31 March 2017	**1,667**	**772**	**7,358**	**0**	**0**	**9,797**
Net Book Value at 31 March 2017	**39,595**	**499**	**9,558**	**1,975**	**410**	**52,037**
Net Book Value at 31 March 2016	**33,742**	**105**	**10,019**	**2,015**	**9,694**	**55,575**

Nature of asset holding						
Owned (Freehold)	39,595	499	9,558	1,975	410	52,037
Finance Lease	0	0	0	0	0	0
	39,595	**499**	**9,558**	**1,975**	**410**	**52,037**

2015/16 (As Restated)	Other Land & Buildings £'000	Equipment & Vehicles £'000	Infra-structure £'000	Community Assets £'000	Assets under Const. £'000	Total £'000
Cost or Valuation						
At 1 April 2015	39,237	849	16,776	2,028	2,051	60,941
Additions	0	50	12	0	7,643	7,705
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(1,445)	0	0	0	0	(1,445)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2)	0	0	0	0	(2)
Derecognition - disposals	(2,671)	(40)		(13)		(2,724)
Transfers	(77)	0	0	0	0	(77)
At 31 March 2016	**35,042**	**859**	**16,788**	**2,015**	**9,694**	**64,398**
Accumulated Depreciation and Impairment						
At 1 April 2015	(2,191)	(751)	(6,181)	0	0	(9,123)
Depreciation Charge	(1,681)	(43)	(588)	0	0	(2,312)
Depreciation written out to the Revaluation Reserve	2,474	0	0	0	0	2,474
Derecognition - disposals	98	40	0	0	0	138
At 31 March 2016	**(1,300)**	**(754)**	**(6,769)**	**0**	**0**	**(8,823)**
Net Book Value at 31 March 2016	**33,742**	**105**	**10,019**	**2,015**	**9,694**	**55,575**
Net Book Value at 31 March 2015	**37,046**	**98**	**10,595**	**2,028**	**2,051**	**51,818**

Nature of asset holding						
Owned (Freehold)	**33,742**	**105**	**10,019**	**2,015**	**9,694**	**55,575**
Finance Lease	0	0	0	0	0	0
	33,742	**105**	**10,019**	**2,015**	**9,694**	**55,575**

18.1 Revaluations

The Authority carries out a rolling programme of revaluations to ensure that Property, Plant and Equipment assets required to be measured at current value are:

- revalued at intervals of not more than five years
- reported in the balance sheet at a carrying amount that does not differ materially from that which would be determined using the assets current value at the balance sheet date.

Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Valuations summarised in the following tables were undertaken in-house or by external valuers - NPS North West Limited and Walton Goodland - in accordance with guidance provided by the Chartered Institute of Public Finance and Accountancy and the Royal Institution of Chartered Surveyors Valuation – Professional Standards (the ‘Red Book’).

Vehicles, plant, furniture and equipment that have short useful lives or low values (or both) are measured at depreciated historical cost as a proxy for fair value.

At 31 March 2017	Other Land & Buildings £’000	Equipment & Vehicles £’000	Infra-structure Assets £’000	Community Assets £’000	Assets Under Const. £’000	Total £’000
Carried at historical cost	0	1,271	16,916	1,975	410	20,572
Valued at current value at:						
31 March 2017	14,282	-	-	-	-	14,282
31 March 2016	6,818	-	-	-	-	6,818
31 March 2015	14,072	-	-	-	-	14,072
31 March 2014	6,090	-	-	-	-	6,090
31 March 2013	0	-	-	-	-	0
Total Cost or Valuation	**41,262**	**1,271**	**16,916**	**1,975**	**410**	**61,834**

At 31 March 2016 (as restated)	Other Land & Buildings £’000	Equipment & Vehicles £’000	Infra-structure Assets £’000	Community Assets £’000	Assets Under Const. £’000	Total £’000
Carried at historical cost	0	859	16,788	2,015	9,694	29,356
Valued at current value at:						
31 March 2016	11,368	-	-	-	-	11,368
31 March 2015	14,072	-	-	-	-	14,072
31 March 2014	6,428	-	-	-	-	6,428
31 March 2013	0	-	-	-	-	0
31 March 2012	3,174	-	-	-	-	3,174
Total Cost or Valuation	**35,042**	**859**	**16,788**	**2,015**	**9,694**	**64,398**

18.2 Non-current assets revalued as at 31 March 2017:

The following categories of non-current assets were revalued as at 31 March 2017:

- Investment Properties, which were revalued at 'Fair Value - Market Value' (see note 20)
- Property Plant and Equipment:
    - Office Accommodation
    - Depots and Stores.

Following commencement of its operational use during the financial year, the Workington Leisure Centre was also revalued at current value using depreciated replacement cost.

Revaluations were carried out by Walton Goodland, Chartered Surveyors, in accordance with guidance provided by the Chartered Institute of Public Finance and Accountancy and the Royal Institution of Chartered Surveyors Valuation - Professional Standards (the 'Red Book').

19. Heritage Assets

Reconciliation of the carrying value of Heritage Assets Held by the Authority:

2016/17	At cost	At Valuation		Tangible Heritage Assets	Intangible Heritage Assets	Total
	Historical Sites & Monuments £'000	Museum Collections £'000	Civic Regalia £'000	£'000	£'000	£'000
Cost or Valuation						
At 1 April 2016	571	144	80	795	31	826
Additions – purchased	19	0	0	19	0	19
Additions – donated	0	0	0	0	0	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	0	19	0	19	0	19
At 31 March 2017	**590**	163	80	**833**	**31**	**864**
Accumulated depreciation & impairment						
At 1 April 2016	(43)	0	0	(43)	(31)	(74)
Depreciation charge	(7)	0	0	(7)	0	(7)
At 31 March 2017	**(50)**	**0**	**0**	**(50)**	**(31)**	**(81)**
Net book value at 31 March 2017	**540**	**163**	**80**	**783**	**0**	**783**
Nature of asset holding						
Owned (Freehold)	540	163	80	**783**	0	**783**
	540	**163**	**80**	**783**	**0**	**783**

2015/16 (As Restated)	At cost	At Valuation		Tangible Heritage Assets	Intangible Heritage Assets	Total
	Historical Sites & Monuments £'000	Museum Collections £'000	Civic Regalia £'000	£'000	£'000	£'000
Cost or Valuation						
At 1 April 2015	377	144	80	601	31	632
Additions – purchased	194	0	0	194	0	194
Additions – donated	0	0	0	0	0	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	0	0	0	0	0	0
At 31 March 2016	**571**	144	80	**795**	**31**	**826**
Accumulated depreciation & impairment						
At 1 April 2015	(36)	0	0	(36)	(31)	(67)
Depreciation charge	(7)	0	0	(7)	0	(7)
At 31 March 2016	**(43)**	**0**	**0**	**(43)**	**(31)**	**(74)**
Net book value at 31 March 2016	**528**	**144**	**80**	**752**	**0**	**752**
Nature of asset holding						
Owned (Freehold)	**528**	144	80	**752**	**0**	**752**
	528	**144**	**80**	**752**	**0**	**752**

19.1 Description of the Council's Collection of Heritage Assets

The Authority's tangible heritage assets consist of a number of historical sites, monuments, statues, nature reserves, civic regalia and collection held at the Maryport Maritime Museum. Heritage assets reported in the group accounts also include the collections held at the Keswick Museum and Art Gallery and Helena Thompson Museum. A register of assets held within the individual collections is maintained by each museum. All heritage assets are held in support of increasing knowledge, understanding and appreciation of the historical, artistic, scientific, technological, geophysical and environmental qualities of the Borough of Allerdale and are accounted for as follows:

(i) Historical Sites, Monuments and Statues

The Authority owns a number of historical sites, monuments and statues, all of which contribute to the history of the Borough. These historical sites are now, in the main, buried or ruins and consist of the Roman Cumbrian Coast defence (Milefortlet 21 Swarthy Hill), the famous Salt Pans of West Cumbria, Workington Hall in the grounds of Curwen Park, the iron lighthouse at Maryport and the Workington Pit heads. The majority of the monuments and statues held by the Authority are 'in honour' of significant local historical figures as well as memorials for those lost at war.

In the opinion of the Authority's Valuation Officer, conventional valuation methods are not appropriate for valuing these assets. Such assets do not have a market for sale, providing market based evidence of fair value. These assets are also not capable of producing a cash flow or income but rather are liabilities requiring maintenance. In accordance with the Code of Practice on Local Authority Accounting in the absence of information relating to historic cost or value these assets have not been recognised in the balance sheet.

As part of the Workington Town Centre Development in 2006, several monuments and statues were acquired including the Curwen Column and the Lookout Clock. These assets are reported in the balance sheet at cost less depreciation.

(ii) Museum Collections

The collection held at the Maryport Maritime Museum includes fine and decorative art, furnishings and other historical artefacts.

The collection is reported in the Balance Sheet at an insurance valuation based on open market replacement cost for items of a comparable nature, age and condition. The latest full valuation was undertaken in March 2017 by external valuers - Mitchells Antiques & Fine Art Auctioneers and Valuers. Values were assigned to all individual items within the collection with an expected replacement cost in excess of £1,000 that were on display, or accessible in store, at the time of the re-valuation. Items with an expected replacement cost of less than £1,000 were reappraised by reference to previous inventories and valuations, accession books, MODES records and information provided by museum staff. These items are categorised by the valuer as ‘Unspecified Accessions’. Valuations are reviewed and updated annually to ensure that they remain current.

The collection held at the Maryport Maritime Museum is summarised below:

Description	31/3/17 £000	31/3/16 £000
Fine Art/Decorative Art	71	65
Furnishings and Other Miscellaneous Artefacts	18	14
Unspecified Accessions	74	65
Total	**163**	**144**

Details of the collections at the Keswick Museum and Art Gallery and Helena Thompson are disclosed in the notes accompanying the group accounts.

(iii) Civic Regalia

Civic regalia, comprising of the mayoral chains and ceremonial mace is included in the balance sheet at a valuation based on the indicative replacement cost for each item.

(iv) Nature Reserves

The Authority owns five pockets of land classified as nature reserves. Two of these have been categorised as heritage assets, reflecting their recognition as areas of special scientific interest given the unique and rare wildlife they support.

In the opinion of the Authority’s Valuation Officer, conventional valuation methods are not appropriate for valuing these assets. In accordance with the Code of Practice on Local Authority Accounting, in the absence of information relating to historic cost or value, these assets have not been recognised in the balance sheet.

19.2 Summary of Heritage Asset transactions:

Heritage assets reported in the balance sheet

	2016/17 £'000	2015/16 £'000
Acquisitions		
Monuments & statues	19	194
Museum artefacts	0	0
Donations		
Monuments & statues	0	0
Museum artefacts	0	0
Total additions	**19**	**194**
Disposals		
Carrying value	0	0
Sale proceeds	0	0

There were no acquisitions or disposals of heritage assets, not reported in the balance sheet, during 2016/17 (2015/16: £nil).

19.3 Acquisition, Preservation, Management and Disposal

The Authority has a responsive repair and maintenance programme in relation to its historical sites, monuments, statues and nature reserves.

Acquisitions are made only as part of an agreed capital project, or as part of a museum exhibition where this supported the cultural, environmental or historical associations of the Borough.

To date, no disposals have taken place and it is unlikely this would happen due to the nature of the Authority's heritage assets and purpose for which they are held. Should a proposal to dispose of a heritage asset arise, (excluding museum artefacts for which the policy is detailed below), this would require the authorisation of Council Members.

The Authority's museums are currently managed by independent groups established as companies limited by guarantee. The museums' collections are managed by collection care officers and curators as appointed by the group running the museum. To protect the Authority's interests, it gains support from an independently appointed professional curator who can advise on collection care, maintenance as well as on acquisitions and disposals according to the Authority's Acquisition and Disposal Policy. Assets in the collection are only disposed of where, in the opinion of the appointed officer with delegated responsibility, an item does not contribute to the interest and diversity of the Museum's collection. The Museum groups maintain databases for the collections of heritage assets which records the nature, provenance and current location of each asset.

20 Investment Property

Investment property comprises land and buildings held solely to earn rentals and/or for capital appreciation. The following table summarises the movement in the carrying value (fair value) of investment properties over the year.

	2016/17 £'000	2015/16 As restated £'000
At 1 April	21,369	18,958
Additions - acquisitions	26	0
Additions - subsequent expenditure	47	350
Disposals	(165)	(458)
Transfers to Property, Plant and Equipment	0	0
Net gains/(losses) from fair value adjustments	945	2,519
At 31 March	**22,222**	**21,369**

Nature of asset holding		
Owned (Freehold)	22,222	21,369
At 31 March	**22,222**	**21,369**

Valuation process for Investment Properties

The fair value of the Authority's investment property is measured annually at each reporting date by external property valuation experts. Valuations are undertaken in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2014 using an Income (income capitalisation) Approach or Market Approach.

Fair value measurement of Investment property - fair value hierarchy

The following tables show the levels within the hierarchy of investment property measured at fair value on a recurring basis.

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Fair value at 31/03/17 £'000
Retail Lettings	-	-	8,010	8,010
Commercial Lettings			8,923	8,923
Managed Industrial Estates	-	-	2,471	2,471
Vacant Land & Industrial Sites	-	-	2,818	2,818
At 31 March 2017	**-**	**-**	**22,222**	**22,222**

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Fair value at 31/03/16 £'000
Retail Lettings	-	-	7,811	7,811
Commercial Lettings			8,180	8,180
Managed Industrial Estates	-	-	2,354	2,354
Vacant Land & Industrial Sites	-	-	3,024	3,024
At 31 March 2016	**-**	**-**	**21,369**	**21,369**

Transfers between Levels of the fair value hierarchy

There were no transfers between Levels 1 and 2 during the year.

Valuation techniques used to determine Level 2 and 3 fair values for investment properties

Income approach

Fair values estimated using the income approach involve use of a discounted cash flow (income capitalisation) methodology to convert future cash flows from the property (for example future rental income) to a single current capital value using an appropriate market derived discount rate (capitalisation yield). Capitalisation yields and future rental values are based on comparable property and leasing transactions in the market using the valuers professional judgement and market observation.

Market approach

Where the market approach is used properties are valued by reference to market-based evidence using observed prices for recent market transactions for comparable properties. Where appropriate, adjustments are made to market price information to reflect differences in the legal, economic or physical characteristics of the property being valued. These include significant unobservable adjustments to reflect differences in the nature, condition and location of the property, tenure and encumbrances.

Where an income approach, or market approach with significant unobservable adjustment, has been used valuations are predominately based on unobservable inputs and accordingly are categorised as level 3 within the fair value hierarchy. Where a market approach does not include significant unobservable adjustments these assets are categorised as level 2.

Highest and Best Use of Investment Properties

In estimating the fair value of the authority’s investment properties, the highest and best use of the properties is their current use.

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Reconciliation of Fair Value Measurements categorised within Level 3 of the Fair Value Hierarchy

The following table provides a reconciliation of the opening balances to the closing carrying amounts of non-financial assets classified within Level 3.

	Retail Lettings £'000	Residential & Commercial Lettings £'000	Managed Industrial Estates £'000	Vacant Land & Industrial Sites £'000	Total £'000
Carrying amount at 1 April 2016	7,811	8,180	2,354	3,024	21,369
Changes in fair values of investment properties recognised in the Surplus or Deficit on the Provision of Services[1]	199	696	282	(232)	945
Additions	0	47	0	26	73
Disposals	0	0	(165)	0	(165)
Carrying amount at 31 March 2017	**8,010**	**8,923**	**2,471**	**2,818**	**22,222**
Amount included in the Surplus or Deficit on the Provision of Services for unrealised gains on Level 3 assets held at 31 March 2017	199	696	282	(232)	945

	Retail Lettings £'000	Residential & Commercial Lettings £'000	Managed Industrial Estates £'000	Vacant Land & Industrial Sites £'000	Total £'000
Carrying amount at 1 April 2015	7,017	6,600	2,167	3,174	18,958
Changes in fair values of investment properties recognised in the Surplus or Deficit on the Provision of Services[1]	794	1,688	187	(150)	2,519
Additions	0	141	0	209	350
Disposals	0	(249)	0	(209)	(458)
Carrying amount at 31 March 2016	**7,811**	**8,180**	**2,354**	**3,024**	**21,369**
Amount included in the Surplus or Deficit on the Provision of Services for unrealised gains on Level 3 assets held at 31 March 2016	794	1,688	187	(150)	2,519

[1]Gains or losses arising from changes in the fair value of the investment property are recognised in Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure.

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs – Level 3

Details of the valuation techniques and significant unobservable inputs used in determining the fair value measurement of investment property classified within Level 3, are set out in the following table together with a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs.

	Fair value at 31/03/17 £000	Valuation technique	Significant unobservable inputs	Range
Retail Lettings	**8,010**	Income	Estimated yield	6% - 15%
			Rental value (rent passing) p.a.	£4,500 - £580,000
Residential & Commercial Lettings	340	Market	Estimated plot value/value per acre	£10,000- £80,000
	8,583	Income	Estimated yield	5.25% - 12%
			Rental value (rent passing/market rent) p.a.	£1,000 - £520,000
	8,923			
Managed Industrial Estates	2,304	Income	Estimated yield	8.6% - 11%
			Rental value (rent passing) p.a.	£5,800 - £113,800
	167	Market	Estimated value per acre	£5,000 - £50,000
	2,471			
Vacant Land & Industrial Sites	**2,818**	Market	Estimated value per acre/plot value	£2,200 - £325,000

	Fair value at 31/03/16 £000	Valuation technique	Significant unobservable inputs	Range
Retail Lettings	**7,811**	Income	Estimated yield	6% - 14.3%
			Rental value (rent passing) p.a.	£5,000 - £527,000
Residential & Commercial Lettings	117	Market	Estimated plot value/value per acre	£10,000 - £27,000
	8,063	Income	Estimated yield	5.25% - 12%
			Rental value (rent passing/market rent) p.a.	£1,000 - £475,000
	8,180			
Managed Industrial Estates	2,266	Income	Estimated yield	9.1% - 10.95%
			Rental value (rent passing) p.a.	£5,800 - £112,000
	88	Market	Estimated value per acre	£5,000 - £50,000
	2,354			
Vacant Land & Industrial Sites	**3,024**	Market	Estimated value per acre/plot value	£2,500 - £364,000

Significant changes in rental income and rent growth; vacancy levels or discount rate will result in a significantly lower or higher fair value. All other factors being equal, a higher equivalent yield or discount rate would lead to a decrease in the valuation of an asset while an increase in the current or estimated future rental stream would have the effect of increasing the capital value and vice versa.

Rental income and operating expenses from Investment Property

The rental income and operating expenses from Investment Property are summarised in the table below:

	2016/17			2015/16		
	Expenditure £'000	Income £'000	Net Inc. £'000	Expenditure £'000	Income £'000	Net Inc. £'000
Industrial Units	4	(225)	(221)	21	(218)	(197)
Other Investment Properties	26	(1,293)	(1,267)	14	(1,199)	(1,185)
	30	**(1,518)**	**(1,488)**	**35**	**(1,417)**	**(1,382)**

21. Intangible Assets

	Software Licences	
	2016/17 £'000	2015/16 £'000
Cost at 1 April	1,447	1,547
Additions	0	0
Disposals	0	(100)
Cost at 31 March	**1,447**	**1,447**
Amortisation at 1 April	(1,404)	(1,433)
Amortisation for the year	(19)	(71)
Disposals	0	100
Amortisation at 31 March	**(1,423)**	**(1,404)**
Net book value at 31 March	**24**	**43**

Nature of asset holding		
Owned (Freehold)	24	43
At 31 March	**24**	**43**

Intangible assets are amortised on a straight line basis over five years.

22. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Capital expenditure not financed through the application of capital grants, contributions, capital receipts or a direct charge to revenue will increase the Authority's Capital Financing Requirement (CFR), reflecting the extent to which expenditure has yet to be financed and the underlying need to borrow for capital purposes. The movement in the CFR is analysed in the second part of this note. The CFR is reduced by the Minimum Revenue provision (MRP). This is an annual amount required to be set aside from the General Fund to meet the capital cost of expenditure not financed from grants, revenue contributions or capital receipts.

	2016/17 £'000	2015/16 £'000
Opening Capital Financing Requirement	17,449	13,355
Capital investment:		
Property Plant and Equipment	2,305	7,705
Investment Property	73	350
Heritage Assets – purchased and donated	19	194
Revenue Expenditure Funded from Capital under Statute	1,348	686
Financing:		
Capital receipts	(312)	(134)
Government grants, contributions and donations	(1,367)	(2,137)
Sums set aside from revenue	(430)	(2,064)
Minimum Revenue Provision (MRP)	(411)	(506)
Closing Capital Financing Requirement	**18,674**	**17,449**
Explanation of movements in year		
Increase/(decrease) in underlying need to borrow (supported by government financial assistance)	(402)	(1,372)
Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	1,627	5,466
Increase/(decrease) in Capital Financing Requirement	**1,225**	**4,094**

23. Commitments under Capital Contracts

At 31 March 2017, outstanding commitments under capital contracts for the construction or enhancement of Property, Plant and Equipment in 2017/18 and future years amounted to £52,145 (31 March 2016: £1.37m). The Authority has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

24. Long Term Debtors

	Non-Current		Current[1]	
	31/03/17 £'000	31/03/16 £'000	31/03/17 £'000	31/03/16 £'000
Housing Associations	36	37	1	1
Total Long-term debtors	**36**	**37**	**1**	**1**

[1]The current instalment is included in the carrying amount of debtors reported in note 28.

25. Assets Held For Sale

	2016/17 £'000	2015/16 £'000
Balance at 1 April	77	0
Assets newly classified as held for sale	0	77
Assets sold	(77)	0
Revaluation losses	0	0
Balance at 31 March	**0**	**77**

26. Investments

	31/03/17 £’000	31/03/16 £’000
Long-term		
Allerdale Investment Partnership LLP 12% secured investor loan notes 2034	2,297	2,051
Unquoted equity investments	11	11
	2,308	2,062
Short-term (loans & receivables)		
Term deposits and notice accounts	0	0
	2,308	**2,062**

27. Inventories

	2016/17			2015/16		
	Raw materials & consumables £’000	Finished goods £’000	Total £’000	Raw materials & consumables £’000	Finished goods £’000	Total £’000
Balance at 1 April 2016	**31**	**5**	**36**	11	11	22
Purchases	173	0	173	244	8	252
Recognised as an expense in the year	(181)	(2)	(183)	(224)	(14)	(238)
Balance at 31 March 2016	**23**	**3**	**26**	**31**	**5**	**36**

28. Debtors and Payments in Advance

	31/03/17 £'000	31/03/16 £'000
Central Government bodies	1,497	2,067
Other Local Authorities	1,466	963
Bodies external to general government	3,936	4,252
	6,899	7,282
Allowance for bad and doubtful debts		
- Sundry	(241)	(270)
- Council Tax	(212)	(165)
- NNDR	(147)	(181)
- Benefits	(1,001)	(928)
	(1,601)	(1,544)
Short-Term Debtors	**5,298**	**5,738**
Payments in Advance	**1,513**	**979**
	6,811	**6,717**

29. Cash and Cash Equivalents

	31/03/17 £'000	31/03/16 £'000
Cash imprest balances	1	1
Bank current accounts	0	0
Call accounts (same day access funds)	2,059	2,858
Money Market Funds	5,657	6,354
Other bank deposits	360	359
Cash and Cash Equivalents (balance sheet)	**8,077**	**9,572**
Bank Overdraft	(1,860)	(2,182)
Cash and Cash Equivalents (cash flow statement)	**6,217**	**7,390**

30. External Borrowing

	31/03/17 £'000	31/03/16 £'000
Short-term Borrowing		
Public Works Loan Board (inc. accrued interest)	(424)	(414)
Local Bonds	(31)	(31)
Trust Funds	(54)	(63)
Other		0
	(509)	**(508)**
Long-term Borrowing		
Public Works Loan Board	**(13,380)**	**(13,607)**
	(13,889)	**(14,115)**

Analysis of loans by maturity:

Amounts repayable:	31/03/17 £'000	31/03/16 £'000
Within 1 year	(509)	(508)
Between 1 & 2 years	(233)	(227)
Between 2 & 5 years	(742)	(720)
Between 5 & 10 years	(1,419)	(1,368)
After more than 10 years	(10,986)	(11,292)
	(13,889)	**(14,115)**

31. Creditors

	31/03/17 £'000	31/03/16 £'000
Creditors		
Central Government bodies	(1,676)	(930)
Other Local Authorities	(1,291)	(1,413)
Other entities and individuals	(1,167)	(1,779)
HMRC	(146)	(131)
Unpaid Holiday Pay	(86)	(115)
	(4,366)	**(4,368)**

32. Receipts in Advance

	31/03/17 £'000	31/03/16 £'000
Receipts In Advance		
General	(353)	(921)
Other Local Authorities	(7)	(57)
Central Government Departments	(838)	(1,746)
NNDR	(225)	(166)
Council Tax	(124)	(109)
	(1,547)	**(2,999)**

32.1 Grants and Contributions received in advance

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the transferor. The balances at the year-end are as follows:

	2016/17 £'000	2015/16 £'000
Developers' contributions under section 106 Town and Country Planning Act 1990	(327)	(362)
Capital Grants		
DECC Central Heating Fund	0	(1,140)
Revenue Grants:		
DCLG Council Tax Flood Discount Funding	0	(540)
Britain's Energy Coast - Social Investment Fund	(380)	(332)
Solway Coast AONB Grant	0	(121)
Heritage Lottery Fund – Solway Wetlands	(311)	0
Other grants received in advance	(154)	(76)
	(845)	(1,069)
Total included in creditors and receipts in advance	**(1,172)**	**(2,571)**

33. Provisions

	Insurance £'000	Early Departures £'000	Business Rates £'000	Legal claims £'000	Leasehold Restoration £'000	Total £'000
Balance at 1 April 2016	(141)	(29)	(581)	(202)	0	(953)
Additional provisions made in 2016/17	0	(23)	(129)	0	(169)	(321)
Provision utilised in year	13	0	244	169	0	426
Unused amounts reversed in year	0	0	0	33	0	33
At 31 March 2017	**(128)**	**(52)**	**(466)**	**0**	**(169)**	**(815)**
Disclosed as:						
At 31 March 2017						
Current component	(73)	(52)	(466)	0	(169)	(760)
Long-term component	(55)	0	0	0	0	(55)
	(128)	**(52)**	**(466)**	**0**	**(169)**	**(815)**
At 31 March 2016						
Current component	(66)	(29)	(581)	(202)	0	(878)
Long-term component	(75)	0	0	0	0	(75)
	(141)	**(29)**	**(581)**	**(202)**	**0**	**(953)**

(a) Insurance

The insurance provision includes amounts set aside to meet:

- uninsured liabilities such as the £5,000 excess on the Authority's Public Liability and Employer's Liability insurance in respect of notified claims
- the estimated liability in respect of claims incurred but not reported.

(b) Early departures

The Early Departure provision comprises the costs of termination benefits arising from compulsory redundancies and other departures agreed at 31 March but not yet paid.

Details of the number of exit packages agreed during the year (grouped in rising bands of £20,000 up to £100,000 and bands of £50,000 thereafter) and analysed between compulsory redundancies and other departures, together with the total cost of packages in each band is set out in Note 14.

(b) Business rates

Following introduction of the business rates retention scheme on 1 April 2013 the Authority assumed a share of the liability for refunding business ratepayers who successfully appeal against the rateable value of their properties on the rating list.

The provision of £466,705 represents the Authority's share (40%) of the total provision of £1,166,765 at 31 March 2017 in respect of the potential refund of business rates income for years up to and including 2016/17. This includes amounts paid over (to Central Government) in respect of 2012/13 and prior years. Previously, such amounts would not have been recognised as income by the Authority, but would have been transferred to DCLG.

Because of the difficulties in establishing a reliable estimate of the number of successful future appeals that may be made and the amount of any obligation that may arise as a result, provision is made only in respect of appeals outstanding at the balance sheet date. No provision is made for possible obligations that may arise from successful appeals made after the balance sheet date.

The cost of appeals settled during 2016/17 was £608,632. The Authority's share of this cost was £243,453 (40%). This was charged against the provision brought forward at 1 April 2016.

(c) Legal claims

The legal claims provision brought forward at 1 April 2016 relates to amounts set aside to meet:

- liabilities arising from a settlement agreement following a collective action brought against the Authority and other local authorities in England and Wales in relation to the terms on which the Authority provided property search information to the Property Search Companies and the fees the Property Search Companies paid for that information.
- costs arising from a negotiated settlement reached on 30 September 2014 and set out in a Court Order dated 1 October 2014, in relation to a claim made against the Authority in respect of flooding and structural damage to the claimant's property as a consequence of the Council's negligence/maladministration in relation to planning procedures.

Both items were settled during the financial year.

(d) Leasehold Restoration

The leasehold restoration provision comprises amounts set aside to meet the Authority's obligations, in relation to properties held under operating leases, to make good dilapidations or other damage which occurs to a property during the course of the lease or restore a property to a specified condition.

34. Pensions

34.1 Participation in Pension Schemes

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 are not payable until employees retire, the Authority has a commitment to make payments (for those benefits) that needs to be recognised and disclosed at the time employees earn their future entitlement.

The Authority participates in the Cumbria Local Government Pension Scheme (the Scheme), administered by Cumbria County Council (the Administration Authority). The Scheme is part of the Local Government Pension Scheme (LGPS) which is a funded defined benefit pension arrangement for local authorities and related employers.

The LGPS is a statutory scheme operated under the regulatory framework established under the Superannuation Act 1972. This framework sets out the administrative arrangements and processes for the Scheme, specifies the nature and amounts of benefits payable and establishes the basis for calculating contributions payable to the fund by the Authority and its employees.

The Cumbria Local Government Pension Scheme is a multi-employer arrangement, under which each employer is responsible for the pension costs, liabilities and funding risks relating to its own employees and former employees.

The Scheme provides defined benefits to members (retirement lump sums and pensions) determined by reference to a formula based on employees earnings and years of service. The amount of pension depends on how long employees are active members of the scheme and their salary when they leave the scheme (a "final salary" scheme) for service up to 31 March 2014 and revalued average salary (a "career average" scheme) for service from 1 April 2014 onwards.

Governance

Governance of the scheme is the responsibility of Cumbria County Council's Pensions Committee. The functions and responsibilities of the Committee include:

- exercising the Council's functions as the delegated decision making body of the Administering Authority for the management of the Cumbria LGPS
- reviewing and approving amendments to the statutory policy documents (i.e. Funding Strategy Statement, Governance Policy Statement, Admissions and Terminations Policy, Administration and Communications Policy, Discretions Policy, Cash Investment Policy, and Investment Strategy Statement (previously the Statement of Investment Principles))
- approving the formal triennial actuarial valuation
- submitting the Pension Fund Accounts to the Council
- submitting reports to the Council updating it on the governance, risk monitoring and performance of the Scheme

- receiving and where necessary instructing corrective action, in response to internal and external auditor reports
- reviewing and approving the Scheme's Training Policy
- approving the Annual Business Plan and associated Budget and reviewing performance against this throughout the year.

Advice is provided to the Pension Committee by Cumbria County Council's Section 151 Officer, the County Council's finance team and by two independent advisers. The current advisers are appointed for their knowledge of investments and of pension funds; one adviser being primarily an investment specialist, the other complementing these investment skills with actuarial knowledge of the liability profile of the Scheme. Services are also provided by the scheme actuary (Mercers), and by other consultants and lawyers for investment management services.

The Cumbria Pensions Investment Sub Group advises the Section 151 Officer in the exercise of their delegated powers to appoint and terminate the appointment of non-SIP investment managers.

The Investment Sub Group consider, and continually review the investment management structure for the Pension Fund and are responsible for advising the Section 151 Officer on the appointment and termination of non-SIP investment managers and the establishment and review of performance benchmarks and targets for investment. The group will also consider the detail of any regulatory changes to investment limits or national policy changes that are made in this area, reporting to the Pensions Committee on their findings and recommendations.

The Pensions Committee is assisted in all aspects of its functions relating to governance and administration of the scheme by the Cumbria Pensions Board ('the Board'). Constituted under the Public Service Pension Act 2013 and the Local Government Pension Scheme (Amendment) (Governance) Regulations 2014, the Board is responsible for assisting the Administering Authority to:

- secure compliance with relevant regulations and legislation and the requirements of the Pensions Regulator in relation to governance and administration of the Cumbria LGPS
- ensure the effective and efficient governance and administration of the scheme.

The Board has no remit as a decision making body.

The policy framework and all aspects of management of the Scheme are set out in the various Scheme Policy Statements. These include:

- The Governance Policy Statement**,** which sets out the roles and responsibilities, describes risk management and reports compliance against a set of best practice principles
- The Administration Strategy & Communications Policy, which details the formal arrangements for pensions and benefits administration for the Scheme, and the communications with members, employers and pensioners
- Investment Strategy Statement (Statement of Investment Principles), detailing how the Schemes assets are invested, the fund managers and benchmarks, and the Scheme's compliance with best practice in investment decision-making (Myners Principles) and the Financial Reporting Council's UK Stewardship Code
- Cash Investment Policy, governing the management of the Schemes cash, bank account and investment of surplus cash
- Funding Strategy Statement, which identifies how the Schemes pension liabilities will be funded in the longer term and addresses solvency issues.
- Admissions and Termination Policy, detailing the policy on employer admissions and the methodology used to calculate termination payments on cessation of participation in the Scheme

- Discretions Policy, setting out the policy regarding the exercise of certain discretions to assist in the management of the Scheme
- Training Policy, setting out the policy on the training and development of members of all committees and officers responsible for management of the Scheme.

Further details relating to governance of the Scheme (including risk management) can be found in the Scheme's Governance Policy Statement. This is included in the Cumbria LGPS Fund Policy Document, published on-line at:
http://www.cumbria.gov.uk/Finance/finance/cumbrialgps.asp

34.2 Transactions Relating to Retirement Benefits

The following transactions have been included in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme			
	Funded Liabilities		Unfunded Liabilities	
	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000
Comprehensive Income and Expenditure Statement				
Service cost comprising:				
▪ current service cost	1,265	1,332	0	0
▪ past service costs (gains)	0	0	0	0
▪ (gain)/loss from curtailments	124	93	0	0
Financing and Investment Income & Expenditure				
▪ net interest expense	862	887	72	71
Total Post-employment benefits charged to the surplus or deficit on the provision of services	2,251	2,312	72	71
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit obligation comprising:				
▪ return on plan assets (excluding amount included in the net interest expense) & other (gains)/losses	(13,172)	805	0	0
▪ experience (gains)/loss on liabilities	208	0	(242)	0
▪ actuarial (gains) and losses arising on changes in financial assumptions	20,289	(4,551)	325	(74)
▪ actuarial (gains) and losses arising on changes in demographic assumptions	(771)	0	(10)	0
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	8,805	(1,434)	145	(3)

	Local Government Pension Scheme			
	Funded Liabilities		Unfunded Liabilities	
	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(2,251)	(2,312)	(72)	(71)
Actual amount charged against the General Fund Balance for pensions in the year:				
▪ employers' contributions payable to scheme and retirement benefits payable to pensioners	1,743	1,519	156	161

34.3 Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the balance sheet in respect of the Local Government Pension scheme is as follows:

	Local Government Pension Scheme			
	Funded Liabilities		Unfunded Liabilities	
	31/03/17 £'000	31/03/16 £'000	31/03/17 £'000	31/03/16 £'000
Present value of the defined benefit obligation	(107,367)	(86,200)	(2,129)	(2,140)
Fair value of plan assets	74,787	60,682	0	0
Net liability arising from the defined benefit obligation	**(32,580)**	**(25,518)**	**(2,129)**	**(2,140)**

34.4 Reconciliation of the Movements in the Fair Value of the Scheme Assets

	Funded Liabilities		Unfunded Liabilities	
	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000
Opening fair value of scheme assets	60,682	60,705	0	0
Interest income	2,104	1,925	0	0
Remeasurement gain/(loss):				
▪ return on plan assets (excluding the amount included in the net interest expense) & other gains/(losses)	13,172	(805)	0	0
Employer contributions	1,743	1,519	156	161
Contributions by scheme participants	354	337	0	0
Benefits/transfers paid	(3,236)	(2,973)	(156)	(161)
Administration expenses	(32)	(26)	0	0
Closing balance of scheme assets at 31 March	**74,787**	**60,682**	**0**	**0**

34.5 Reconciliation of the Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	Local Government Pension Scheme			
	Funded Liabilities		Unfunded Liabilities	
	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000
Opening balance at 1 April	(86,200)	(89,176)	(2,140)	(2,304)
Current Service Cost	(1,233)	(1,306)	0	0
Interest Cost	(2,966)	(2,812)	(72)	(71)
Contributions by scheme participants	(354)	(337)	0	0
Remeasurement gains and losses:				
▪ experience gains/losses	(208)	0	242	0
▪ actuarial gains and losses arising on changes in financial assumptions	(20,289)	4,551	(325)	74
▪ actuarial gains and losses arising on changes in demographic assumptions	771	0	10	0
Past Service Costs	0	0	0	0
(Gains)/losses on Curtailments	(124)	(93)	0	0
Benefits Paid	3,236	2,973	156	161
Closing balance at 31 March	**(107,367)**	**(86,200)**	**(2,129)**	**(2,140)**

34.6 Composition of Local Government pension scheme assets

Asset Class	Fair value of scheme assets	
	31/03/17 £000	31/03/16 £000
Cash & cash equivalents		
Quoted cash instruments	0	0
Quoted cash accounts	2,318	1,881
Net current assets	75	61
Sub-total cash & cash equivalents	2,393	1,942
Equities		
UK quoted	9,649	8,008
Global quoted	15,032	11,408
UK unquoted	0	0
Unquoted UK equity pooled	748	2,124
Unquoted overseas equity pooled	12,564	10,013
Sub-total: Equities	37,993	31,553
Bonds:		
Quoted UK corporate bonds	4,712	4,187
Quoted overseas corporate bonds	224	243
Unquoted UK corporate bonds pooled	0	0
Unquoted UK government indexed pooled	14,583	10,862
Sub-total: Bonds	19,519	15,292
Property:		
Quoted UK property funds	5,235	4,673
Unquoted property funds	2,318	2,185
Sub-total: Property	7,553	6,858
Alternatives (Unquoted)		
Hedge funds	0	0
Private equity funds	1,870	1,274
Infrastructure funds	4,412	3,338
Real estate debt funds	673	425
Private debt fund	374	0
Sub-total: Alternatives	7,329	5,037
Total	**74,787**	**60,682**

34.7 Actuarial Assumptions used to determine the Present Value of the Scheme Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method - an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Funded and unfunded liabilities have been assessed by Mercers Human Resource Consulting Limited, an independent firm of actuaries using estimates based on the latest full valuation of the scheme at 31 March 2016 (2014/15: 31 March 2013).

The significant actuarial assumptions used to determine the present value of the defined benefit obligation are set out in the following table:

	2016/17		2015/16	
	Beginning of period	End of period	Beginning of period	End of period
Post retirement mortality assumptions				
Life expectancy at 65 for current pensioners:				
- Male	23.1yrs	23.1yrs	23yrs	23.1yrs
- Female	25.7yrs	25.7yrs	25.6yrs	25.7yrs
Life expectancy for future pensioners ages 65 in 20 years' time:				
- Male	25.9yrs	25.4yrs	25.8yrs	25.9yrs
- Female	28.9yrs	28.4yrs	28.8yrs	28.9yrs
Financial assumptions				
Rate of CPI inflation	2.00%	2.30%	2.00%	2.00%
Rate of increase in salaries	3.50%	3.80%	3.50%	3.50%
Rate of increase in pensions	2.00%	2.30%	2.00%	2.00%
Rate for discounting scheme liabilities	3.50%	2.50%	3.20%	3.50%

34.8 Sensitivity Analysis

The estimated defined benefit obligation is sensitive to changes in the actuarial assumptions set out in the preceding table. The sensitivity analysis below shows how the defined benefit obligation would have been affected by reasonably possible changes in the actuarial assumptions at the balance sheet date. The impact of the change in each assumption assumes that all other assumptions remain constant. The estimations in the sensitivity analysis are calculated on an actuarial basis using the projected unit credit method.

	At 31.3.17	Sensitivity analysis			
		+0.1% p.a. discount rate	+0.1 p.a. inflations	+0.1 p.a. pay growth	1 year increase in life expectancy
	£'000	£'000	£'000	£'000	£'000
Liabilities	(109,496)	(107,651)	(111,373)	(109,813)	(111,811)
Assets	74,787	74,787	74,787	74,787	74,787
(Deficit)/Surplus	(34,709)	(32,864)	(36,586)	(35,026)	(37,024)
Projected service cost for next year	1,832	1,777	1,890	1,832	1,872
Projected net interest cost for next year	845	830	593	854	904

	At 31.3.16	Sensitivity analysis			
		+0.1% p.a. discount rate	+0.1 p.a. inflations	+0.1 p.a. pay growth	1 year increase in life expectancy
	£'000	£'000	£'000	£'000	£'000
Liabilities	(88,340)	(86,848)	(89,857)	(88,586)	(90,089)
Assets	60,682	60,682	60,682	60,682	60,682
(Deficit)/Surplus	(27,658)	(26,166)	(29,175)	(27,904)	(29,407)
Projected service cost for next year	1,185	1,147	1,225	1,185	1,211
Projected net interest cost for next year	937	910	993	948	1,001

34.9 Risks and Investment strategy

The principal risks to the Authority of the Scheme are those associated with longevity (life expectancy) assumptions, structural changes (i.e. large scale withdrawals from the scheme), changes to inflation and financial risks associated with the Scheme's investment activities.

The Scheme's primary long-term risk is that scheme assets will fall short of its liabilities (i.e. promised benefits payable to members). The aim of the Scheme's investment risk management is to balance the minimisation of the risk of an overall reduction in the value of the Scheme with maximising the opportunity for gains across the whole Scheme portfolio. The Scheme achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and keep credit risk to an acceptable level. In addition, the Scheme manages its liquidity risk to ensure there is sufficient liquidity to meet forecast cash flows.

The Scheme currently holds assets across a range of products and investment (fund) managers to diversify risk. Allocations to both fund managers and asset classes are reviewed on an ongoing basis by the Schemes Officers and Independent Advisors. The Pensions Committee additionally undertake further oversight and monitoring by quarterly review of the Scheme monitoring report. Strategic asset allocation receives a high level of attention and a full strategy review is undertaken every three years following the Actuarial Valuation. The Actuarial Valuation considers longevity risk and the affordability of contribution rates for the County Council, District Councils and other employers of the Scheme, taking a prudent longer-term view of funding the liabilities.

Details of the Scheme's Investment Strategy and how it manages risk and return issues relative to the fund's investment objectives are outlined in the Scheme's Investment Strategy Statement (previously the Statement of Investment Principles (SIP)). The Investment Strategy is kept under continual review in conjunction with evaluation of the Scheme's Funding Strategy Statement. The Funding Strategy Statement sets out how solvency and other risks will be managed with regard to the Scheme's underlying pension liabilities. Its purpose is to:

- establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward
- support the regulatory requirement for contributions rates to be sufficient to secure the scheme's solvency within an appropriate deficit recovery period
- have regard to the desirability of employer contribution rates remaining as stable as possible, and
- take a prudent longer-term view of funding those liabilities.

In setting and reviewing the investment strategy, the Administering Authority is required to take account of the form and structure of liabilities.

Further details of the Scheme's exposure to financial risks in relation to investing activities and the strategies used to manage those risks are outlined below.

Market Risk

Market value risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Scheme is exposed to the risk of financial loss from a change in the value of its investments. This may result in the Scheme's assets failing to deliver the returns required to match the underlying liabilities of the Scheme over the longer term. To mitigate against market value risk, the scheme has set restrictions on the type of investment it can hold. The Scheme has also adopted benchmark limits on the different types of investments (asset classes) held. These are designed to diversify the risk and minimise the impact of poor performance in a particular asset class by achieving a spread of investments across both the main asset classes and geographic / political regions within each asset class.

Mitigation against market risk is also achieved by diversifying across multiple investment managers and by regularly reviewing the Investment Strategy and performance of the Scheme.

Market risk comprises three types of risk: interest rate risk, currency risk and other price risk (that is risks, other than those arising from interest rate risk or currency risk, caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market).

Interest Rate Risk

The Scheme invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risks that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

Currency risk

The Scheme holds a number of financial assets and liabilities in overseas financial markets and is therefore exposed to the risk of loss arising from exchange rate movements of foreign currencies. To reduce the volatility from foreign currency exposure, the Scheme has 50% of the investments denominated in overseas currencies hedged into sterling in accordance with the passive currency overlay programme.

Credit / Counterparty risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into and cause the Scheme to incur financial loss. The selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner. The Scheme monitors its exposure to credit and counterparty risk through review of the Scheme's external investment managers annual internal control reports.

Liquidity risks

Liquidity risk represents the risk that the Scheme will not be able to meet its financial obligations as they fall due. The Administering Authority, with the Actuary, frequently reviews the overall cash flow position of the Scheme to ensure its obligations can be covered. The Scheme also holds a large value of very liquid securities which could be promptly realised if required.

Other risks

Actions taken by the Government, or changes to legislation, could result in stronger local funding standards, which could materially affect the Authority's cash flow.

In addition there is a risk that changes in the assumptions (e.g. life expectancy, price inflation, discount rate) could increase the defined benefit obligation and/or the liabilities for actuarial valuation purposes. Other assumptions used to value the defined benefit obligation are also uncertain, although their effect is less material.

34.10 Impact on the Authority's Cash Flows

Funding the liabilities

Regulations governing the scheme require actuarial valuations to be carried out every three years. Contributions for each employer are set having regard to their individual circumstances. The Regulations require contributions to be set with a view to targeting the Scheme's solvency. Detailed provisions are set out in the Scheme's Funding Strategy Statement.

The most recent actuarial valuation was carried out as at 31 March 2016. This showed a shortfall of assets against liabilities of £0.21billion (assets of £2.05 billion against accrued liabilities of £2.26billion), equivalent to a funding level of 91% of the Schemes liabilities. At the previous valuation at 31 March 2013 the shortfall was £0.46bn, equivalent to a solvency funding level of 78%. The Scheme’s employers are paying additional contributions over an average deficit recovery period of approximately 15 years in order to meet this shortfall. The next actuarial valuation will take place with an effective date of 31 March 2019.

Projected contributions to the scheme in 2017/18

Projected employer contributions which the Authority expects to pay in 2017/18 are £3,580,000 (2016/17 are £1,791,000). This comprises normal contributions of £3,424,000 (2016/17: £1,630,000) and a recharge of unfunded benefits of £156,000 (2016/17: £161,000).

Normal contributions include deficit funding contributions of £2,646,400 (2016/17: £980,200). Following completion of the 2016 actuarial valuation exercise the Authority opted to prepay its deficit funding contributions for the three year period 2017/18 to 2019/20. Prepayment of the Authority’s deficit funding contributions will generate a reduction in the total deficit funding contributions payable over the three year period of £168,600. The amount of deficit funding payment chargeable to the Authority’s general fund in 2017/18 is £899,300.

The weighted average duration of the Authority’s defined benefit obligation - measured on the actuarial assumptions used for IAS19 purposes - is 17 years (2015/16: 17 years).

35. Financial Instruments

35.1 Financial Instruments by category

The carrying amounts of financial assets presented in the Balance Sheet relate to the following measurement categories as defined in IAS 39 and the Code of Practice on Local Authority Accounting. Note 1 (Accounting Policies) provides a description of each category of financial assets and financial liabilities and the related accounting policies.

Financial Assets

	Note	Loans & receivables £'000	Available for Sale financial assets £'000	Non IAS 39 financial assets £000	Total for line item £'000
At 31 March 2017					
Long-term:					
Long-term investments	26	2,297	11	0	2,308
Long-term debtors	24	36	0	0	36
Current:					
Short-term investments	26	0	0	0	0
Short-term debtors	28	1,989	0	3,309	5,298
Payments in advance	28	0	0	1513	1,513
Cash and cash equivalents	29	2,420	5,657	0	8,077
Total for category		**6,742**	**5,668**	**4,822**	**17,232**
At 31 March 2016					
Long-term:					
Long-term investments	26	2,051	11	0	2,062
Long-term debtors	24	37	0	0	37
Current:					
Short-term investments	26	0	0	0	0
Short-term debtors	28	2,998	0	2,740	5,738
Payments in advance	28	0	0	979	979
Cash and cash equivalents	29	3,218	6,354	0	9,572
Total for category		**8,304**	**6,365**	**3,719**	**18,388**

Financial Liabilities

	Note	Financial Liabilities measured at amortised cost £'000	Non IAS39 financial Liabilities £000	Total for line item £'000
At 31 March 2017				
Long-term:				
Long-term borrowing	30	(13,380)	0	(13,380)
Long-term creditors		(332)	0	(332)
Current:				
Bank overdraft	29	(1,860)	0	(1,860)
Short-term borrowing	30	(509)	0	(509)
Short-term creditors	31	(1,555)	(2,811)	(4,366)
Receipts in advance	32	0	(1,547)	(1,547)
Total for category		**(17,636)**	**(4,358)**	**(21,994)**
At 31 March 2016				
Long-term:				
Long-term borrowing	30	(13,607)	0	(13,607)
Long-term creditors		(332)	0	(332)
Current:				
Bank overdraft	29	(2,182)	0	(2,182)
Short-term borrowing	30	(508)	0	(508)
Short-term creditors	31	(2,093)	(2,275)	(4,368)
Receipts in advance	32	0	(2,999)	(2,999)
Total for category		**(18,722)**	**(5,274)**	**(23,996)**

Information about the fair value at each class of financial instruments is given in note 35.7.

35.2 Material Soft Loans made by the Authority

The Authority does not have any material soft loans.

35.3 Reclassification

There has been no reclassification of financial assets during 2016/17 (2015/16: nil).

35.4 Allowance for credit losses

When financial assets are impaired the Authority records the impairment in a separate account rather than directly reducing the carrying amount of the asset.

All of the Authority's trade and other receivables have been reviewed for indicators of impairment at the balance sheet date. Certain trade receivables were found to be impaired (individually and collectively) and an allowance for credit losses of £240,990 (2015/16: £270,437) has been made.

The movement in the allowance for credit losses on trade and other receivables can be reconciled as follows:

	2016/17			2015/16		
	Individual impairment £'000	**Collective impairment £'000**	**Total £'000**	**Individual impairment £'000**	**Collective impairment £'000**	**Total £'000**
Balance at 1 April	**(212)**	**(58)**	**(270)**	(126)	(231)	(357)
Amounts written off (uncollectable)	52	0	52	0	52	52
Net impairment loss recognised in year	(15)	(8)	(23)	(86)	121	35
Balance at 31 March	**(175)**	**(66)**	**(241)**	**(212)**	**(58)**	**(270)**
Amounts charged to the Surplus of Deficit on the Provision of Services	15	8	23	86	(121)	(35)

35.5 Defaults and breaches

There have been no defaults of loans payable as at 31 March 2017.

35.6 Income expenses, gains and losses

Income expenses, gains and losses included in the Comprehensive Income and Expenditure Statement in relation to financial instruments comprise:

	2016/17				2015/16			
	Financial Liabilities Amortised Cost £'000	Financial Assets Loans & Receivables £'000	Available for Sale Financial Assets £'000	Total £'000	Financial Liabilities Amortised Cost £'000	Financial Assets Loans & Receivables £'000	Available for Sale Financial Assets £'000	Total £'000
Net Cost of Services								
Movement in allowance for impairment losses (Note 35.4)	0	23	0	23	0	(35)	0	(35)
Other impairment losses recognised in year	0	0	0	0	0	0	0	0
	0	23	0	**23**	0	(35)	0	**(35)**
Financing and Investment Income & expenditure								
Interest payable on PWLB borrowing	799	0	0	799	707	0	0	707
Interest payable on other borrowing	0	0	0	0	1	0	0	1
Finance lease charges								
Total interest payable	799	0	0	**799**	708	0	0	**708**
Gains on derecognition	0	0	0	0	0	0	0	0
Interest & investment income	0	(265)	(39)	(304)	0	(247)	(33)	(280)
Interest & investment income	0	(265)	(39)	**(304)**	**0**	**(247)**	**(33)**	**(280)**
Other Comprehensive Income & Expenditure								
Gains on revaluation	0	0	0	0	0	0	0	0
Losses on revaluation	0	0	0	0	0	0	0	0
Amounts recycled to surplus or deficit on the provision of services	0	0	0	0	0	0	0	0
Net (Gain)/Loss for year	**799**	**(242)**	**(39)**	**518**	**708**	**(282)**	**(33)**	**393**

35.7 Fair value of financial assets and financial liabilities measured at fair value on a recurring basis

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following table shows the levels within the fair value hierarchy of financial assets measured at fair value on a recurring basis.

Financial Asset	Note	Level	31.3.17 £'000	31.3.16 £'000
Unquoted Equity Investments (shares)	26	2	11	11
Money Market Funds	29	1	5,657	6,354

Money Market Funds - level 1

The Authority's investments in money market funds are held in constant net asset value funds. The (quoted) fair value of these funds is represented by the par value of principal sums invested plus interest (dividends) earned but not yet received.

The valuation techniques used for instruments categorised in levels 2 and 3 are described below.

Unquoted equity investments - level 2

The fair value of the Authority' investment in WCF Limited is measured according to the share price published by the company; being the price at which sales and purchases will be transacted on specified dealing dates set by the company.

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between input levels 1 and 2 during the year.

Changes in the Valuation Technique

There has been no change in the valuation techniques used during the year for the financial instruments.

35.8 Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The carrying amount of the following financial assets and liabilities is considered a reasonable approximation of fair value:

- Trade receivables, cash and cash equivalents, trade payables and bank overdrafts
- Other short term borrowing maturing within 12 months of the balance sheet date.

For those financial assets and liabilities whose carrying value does not approximate fair value the following table presents a comparison, by class, of the carrying amounts and fair value.

	Carrying Value £'000	Fair value			
		Level 1 £'000	Level 2 £'000	Level 3 £'000	At 31/3/17 £'000
Financial Assets					
Secured 12% loan notes - AIP LLP	2,297	-	-	2,609	2,609
Financial Liabilities					
PWLB Loans	(13,804)	-	-	(23,714)	(23,714)
At 31 March 2017	**(11,507)**	**-**	**-**	**(21,105)**	**(21,105)**

	Carrying Value £'000	Fair value Level 1 £'000	Fair value Level 2 £'000	Fair value Level 3 £'000	Fair value At 31/3/16 £'000
Financial Assets					
Secured 12% loan notes - AIP LLP	2,051	-	-	2,346	2,346
Financial Liabilities					
PWLB Loans	(14,021)	-	-	(22,598)	(22,598)
At 31 March 2016	**(11,970)**	**-**	**-**	**(20,252)**	**(20,252)**

The fair value of financial asset and liabilities not measured at fair value and included in levels 2 and 3 in the above table have been estimated using a discounted cash flow analysis.

PWLB Debt

The fair value of PWLB loans is measured by calculating the present value of the cash flows relating to principal and interest that will take place over the remaining term of each loan. Cash flows are discounted using a representative interest rate that a market participant would consider indicative of economic conditions at the measurement date. The interest rates used are derived from UK gilt prices and PWLB new loan rates in force at close of business on the last working day of the financial year. These rates are adjusted to reflect market participant's assumptions of the Authority's own non-performance risk by using the estimated credit spread between gilt yields and PWLB new loans rates, and yields on AA rated loans with similar repayment terms.

The fair value measurement of financial liabilities including PWLB debt assumes that the financial liability is transferred to a market participant at the measurement date and would:

- remain outstanding with the market participant transferee required to fulfil the obligation
- not be settled with the counterparty or otherwise extinguished on the measurement date.

When a quoted price for the transfer of an identical or a similar liability is not available and the identical item is held by another party as an asset, the fair value of the liability is measured from the perspective of a market participant that holds the identical item as an asset at the measurement date.

The fair value of PWLB debt of £23,714k (31.3.16: £22,598k) does not represent the amount at which the Authority could settle, prematurely, its outstanding loans with the PWLB. At the balance sheet date the amount payable by the Authority to repay its PWLB debt prematurely - measured using PWLB premature repayment rates - is £28,122k (31.3.16: £26,009k).

Allerdale Investment Partnership LLP - 12% secured investor loan notes 2034

The fair value of the Authority's holding of Allerdale Investment Partnership LLP secured loan notes is estimated by calculating the present value of the cash flows expected to take place over the remaining term of the loan. Cash flows relating to principal and interest are discounted using a benchmark interest rate (PWLB new loan rate) in force at close of business on the last working day of the financial year, for loans with a similar repayment period. This rate is then adjusted for the credit spread calculated by reference to the instruments coupon rate and the benchmark rate at the origination date.

36 Cash Flows from Operating Activities

36.1 Reconciliation of Net Surplus or (Deficit) on the Provision of Services to the Net Cash Flow from operating activities

	2016/17 £'000	2015/16 As Restated £'000
Net Surplus or (Deficit) on the Provision of Services	(2,890)	(1,703)
Adjust net surplus or deficit on the provision of services for non- cash movements		
Depreciation	2,518	2,319
Impairment and downward valuations	19	2
Amortisation	33	71
Increase/(Decrease) in interest creditors	4	3
Increase/(Decrease) in creditors	(402)	1,955
(Increase)/Decrease in interest and dividend debtors	(246)	(206)
(Increase)/Decrease in debtors	(287)	(1,382)
(Increase)/Decrease in inventories	10	(14)
Movement in pension liability	424	703
Contributions to/(from) provisions	(138)	(168)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	4,212	3,044
Movement in investment property values	(945)	(2,519)
Other non-cash items	(9)	0
	5,193	**3,808**
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities		
Capital Grants credited to surplus or deficit on the provision of services	(90)	(1,455)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(290)	(142)
	(380)	**(1,597)**
Net Cash Flows from Operating Activities	**1,923**	**508**

36.2 Cash Flows from Operating Activities (Interest)

	2016/17 £'000	2015/16 £'000
Cash flows from interest receivable		
Interest and dividends receivable	304	280
Opening debtor	306	100
Closing debtor	(552)	(306)
Interest Received	**58**	**74**
Cash flows from interest payable		
Interest charge for year	(799)	(708)
Opening creditor	(193)	(190)
Closing creditor	197	193
Interest Paid	**(795)**	**(705)**

37. Cash Flows from Investing Activities

	2016/17 £'000	2015/16 £'000
Purchase of property, plant and equipment, investment property and intangible assets	(3,272)	(7,793)
Purchase of long-term investments	0	(222)
Other payments for investing activities	(70)	(18)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	263	142
Proceeds from the sale of short-term investments	0	2,000
Other capital cash receipts	36	321
Capital Grants received	500	1,000
Total Cash Flows from Investing Activities	**(2,543)**	**(4,570)**

38 Cash Flows from Financing Activities

	2016/17 £'000	2015/16 £'000
Cash receipts of short and long- term borrowing	0	4,000
Billing Authorities - Council Tax and NNDR adjustments	(332)	637
Repayment of short-term and long-term borrowing	(221)	(208)
Total Cash Flows from Financing Activities	**(553)**	**4,429**

39. Nature and extent of risks arising from financial instruments

39.1 Risk management objectives and policies

The Authority is exposed to various (financial) risks in relation to financial instruments. The main types of risks are:

- **Credit risk -** the risk that a party to a financial instrument will cause a financial loss for the Authority by failing to discharge an obligation
- **Liquidity risk -** the risk that the Authority will encounter difficulty in meeting obligations associated with financial liabilities as they fall due. It includes the inability to obtain finance or to re-finance existing borrowing as it falls due in order to meet cash flow obligations, or that refinancing can only be achieved on terms that are unfavourable and/or inconsistent with prevailing market conditions at the time
- **Market risk** - the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk:
    - (i) **Interest rate risk** – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates
    - (ii) **Currency risk** – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates
    - (iii) **Price risk –** the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Authority has adopted the CIPFA Code of Practice for Treasury Management in Public Services and regards the successful identification, monitoring and control of risk as the prime criteria for measuring the effectiveness of its treasury management activities.

Objectives, policies and processes for managing the risk - including details of how risks are identified, monitored and controlled are set out in the Authority's Treasury Management Policy Statement, Treasury Management Practices (TMPs) and Annual Treasury Management Strategy Statement and Investment Strategy. These have been prepared in accordance with CIPFA Code of Practice for Treasury Management in Public Services and CLG's Investment Guidance.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under delegated authorities and policies approved by the Council and set out in the Authority's Treasury Management Policy Statement, Treasury Management Practices and Annual Treasury Management Strategy Statement and Investment Strategy.

Regular reports on the Authority's treasury management policies, practices and activities are prepared for consideration by members. This includes consideration by Full Council of the Authority's Annual Treasury Management Strategy Statement and Investment Strategy in advance of the year, a mid-year review and an annual report after the year-end on the performance of the treasury management function, the effects of the decisions taken and transactions executed in the past year and any circumstances of non-compliance with the Authority's Treasury Management Policy Statement and TMPs.

The most significant financial risks to which the Authority is exposed and the policies and strategies employed to manage these risks are described below.

39.2 Credit Risk

Credit risk arises from deposits with banks, building societies and other financial institutions, as well as credit exposures associated with trade and other receivables.

The Authority's primary policy objective is to ensure the security of the principal sums invested in priority to liquidity and yield. Credit risk exposures are managed by:

- restricting the counterparties with whom investments may be placed to those financial institutions and other bodies with a minimum long-term rating across all three of the main credit ratings agencies (Fitch, Moody's and Standard and Poor) of A- or equivalent (AA+ or equivalent for non-UK sovereigns)
- placing restrictions on the types of investment instruments that may be used
- setting limits on the principal amounts invested and duration of individual instruments dependent on the financial standing (creditworthiness) of the counterparty.

The creditworthiness of counterparties is assessed primarily by reference to published credit ratings. The assessment also includes reference to other sources of information on credit risk including credit default swaps, sovereign ratings and support mechanisms and market sentiment towards counterparties.

Credit ratings are kept under regular review and ratings watch notices - indicating imminent downgrading or upgrading of a credit rating - acted upon.

With the exception of funds placed with HM Treasury's Debt Management Office the maximum amount that may be placed with any institution or group of institutions that are part of the same banking group is £4m. All new investments are subject to a maximum maturity of 364 days.

The Authority's Treasury Management Practices and Annual Investment Strategy specify the types of investment instruments that may be used by the Authority. Permitted instruments are categorised as either "Specified" or "Non-Specified" investments as defined in CLGs Investment Guidance to distinguish those instruments offering relatively high security and high liquidity from those with higher credit risk.

The Authority continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls.

39.3 Maximum exposure to credit risk at the reporting date

The Authority's maximum exposure to credit risk at the balance sheet date is represented by the carrying amount of its financial assets (excluding equities), as set out in note 35.

Financial guarantees

The maximum exposure to credit risk in respect of financial guarantees is the maximum amount the Authority could have to pay if the guarantee is called on.

In 1987 the Authority entered into an arrangement to guarantee loan stock issued by Home Housing Association. In accordance with transitional provisions contained in the Code this guarantee is recognised and measured in accordance with section 8.2 of the Code - Provisions, Contingent Liabilities and Contingent Assets (IAS 37) rather than Chapter 7 – Financial Instruments (IAS 39). Further details, including the maximum exposure to credit losses in respect of this guarantee, are set out in note 42.

The Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits and investments with banks, building societies and other financial institutions.

The Allerdale Investment Partnership Secured 12% Investor Loan Notes are secured by a fixed and floating charge over the assets of the partnership. None of the Authority's other financial assets are secured by collateral or other credit enhancements.

39.4 Credit quality of financial assets that are neither past due nor impaired

The credit quality of financial assets that are neither past due nor impaired is summarised below:

2016/17 Class of financial instrument	Note	Domicile	Credit rating[1] AAA £'000	 AA- £'000	 A £'000	 A- £'000	 Not rated £'000
Specified investments							
Cash imprest accounts (cash in hand)	29	UK					1
Call accounts (same day access funds)	29	UK		2,000		59	
Other Bank deposits	29					360	
Money Market Funds	29	UK	1,401				
Money Market Funds	29	Ireland	4,256				
Non specified investments							
Loans and advances	24 & 26	UK					2,334
Equity shares	26	UK					11
Trade and other receivables	28	UK					1,925

2015/16 Class of financial instrument	Note	Domicile	Credit rating[1] AAA £'000	 AA- £'000	 A £'000	 A- £'000	 Not rated £'000
Specified investments							
Cash imprest accounts (cash in hand)	29	UK					1
Call accounts (same day access funds)	29	UK		2,288	7	563	
Other Bank deposits	29					359	
Money Market Funds	29	UK	1,426				
Money Market Funds	29	Ireland	4,928				
Non specified investments							
Loans and advances	24 & 26	UK					2,089
Equity shares	26	UK					11
Trade and other receivables	28	UK					2,660

[1]Standard & Poor's equivalent rating shown as reference to the lowest credit rating of the counterparty from either Standard & Poor's or Moody's

In respect of trade and other receivables, the Authority is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about customer default rates the Authority considers the credit quality of trade receivables that are not past due or impaired to be good.

39.5 Age of financial assets that are past due as at the reporting date but not impaired

A financial asset is deemed to be past due when a counterparty has failed to make a payment when contractually due. The Authority generally expects its customers to settle outstanding accounts within 28 day of invoicing. At 31 March 2017 £303,868 (2016: £608,255) of trade receivables (classified as financial instruments) were past due for payment. Trade receivables past due but not impaired at the balance sheet date can be analysed by age as follows:

	At 31 March 2017			At 31 March 2016		
Past due status	**Gross £'000**	**Allowance £'000**	**Not impaired £'000**	**Gross £'000**	**Allowance £'000**	**Not impaired £'000**
Not past due	1,926	(1)	1,925	2,660	0	2,660
Past due 1 to 6 months	52	(8)		187	(7)	
Past due 6 to 12 months	15	(5)		29	(9)	
Past due more than 12 months	237	(227)		392	(254)	
Total	**2,230**	**(241)**	**1,925**	**3,268**	**(270)**	**2,660**

No other financial assets were past due at the end of the reporting period.

The carrying amount of trade receivables that are individually impaired is £218,120 (2016: £236,620). Related impairment losses are included in the amounts shown in the above table and amount to £174,643 (2016: £212,215). Impairment is determined on the basis of an individual assessment of the financial standing of the customer/counterparty.

39.6 Liquidity Risk

The Authority's policy is to ensure:

- it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives.
- borrowing is negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

The Authority manages its liquidity needs by:

- effective cash flow forecasting and monitoring of cash balances across various time horizons
- maintaining prudent levels of liquid funds in call accounts, Money Market funds and other short term instruments
- monitoring scheduled debt servicing payments for long term financial liabilities and setting limits on the amount of borrowing that matures within any specified period.

The Authority also has ready access to borrowing from the Public Works Loans Board. As a consequence there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. This is managed through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments in order to limit the amount of fixed rate borrowing that matures within any specified period.

39.7 Contractual maturity analysis – non-derivative financial liabilities

The contractual maturity of the Authority's financial liabilities (including interest payments where applicable) is as follows:

At 31 March 2017	PWLB £'000	Local bonds £'000	Trust funds £'000	Local lenders £'000	Total External Borrowing £'000	Bank overdraft £'000	Trade creditors £'000	Total £'000
Maturity Structure of Borrowing:								
Under 12 months	1,020	31	54	0	1,105	1,860	1,555	4,520
12 months and within 24 months	1,016				1,016			1,016
24 months and within 5 years	3,023				3,023			3,023
5 years and within 10 years	4,955				4,955			4,955
10 years and within 20 years	8,294				8,294			8,294
20 years and within 30 years	6,067				6,067			6,067
30 years and within 40 years	12,015				12,015			12,015
40 years and within 45 years	1,036				1,036			1,036
45 years and above								
	37,426	31	54	0	**37,511**	1,860	1,555	**40,926**
Effect of discounting	(23,819)	0	0	0	(23,819)	0	0	(23,819)
Interest accrual	197	0	0	0	197	0	0	197
Balance sheet carrying amount at 31 March 2017	**13,804**	**31**	**54**	**0**	**13,889**	**1,860**	**1,555**	**17,304**

The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

At 31 March 2016	PWLB £'000	Local bonds £'000	Trust funds £'000	Local lenders £'000	Total External Borrowing £'000	Bank overdraft £'000	Trade creditors £'000	Total £'000
Maturity Structure of Borrowing:								
Under 12 months	1,024	31	62	0	1,117	2,182	2,093	5,392
12 months and within 24 months	1,020				1,020			1,020
24 months and within 5 years	3,036				3,036			3,036
5 years and within 10 years	4,976				4,976			4,976
10 years and within 20 years	8,558				8,558			8,558
20 years and within 30 years	6,247				6,247			6,247
30 years and within 40 years	7,180				7,180			7,180
40 years and within 45 years	6,410				6,410			6,410
45 years and above								
	38,451	31	62	0	**38,544**	2,182	2,093	**42,819**
Effect of discounting	(24,622)				(24,622)			(24,622)
Interest accrual	193				193			193
Balance sheet carrying amount at 31 March 2016	**14,022**	**31**	**62**	**0**	**14,115**	**2,182**	**2,093**	**18,390**

39.8 Interest rate risk

The Authority is exposed to interest rate risk on its borrowings and investments.

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 will affect the General Fund Balance.

Movements in the fair value of fixed rate investments classified as available for sale will be reflected in Other Comprehensive Income and Expenditure. Changes in the fair value of fixed rate investments classified as loans and receivables and carried at amortised cost do not impact on the Surplus of Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings do not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

The Authority's policy objective is to manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements.

The Authority manages its exposures by borrowing mainly at fixed rates, by placing limits on the proportions of fixed and variable rate borrowings and investments and by the use of variable rate debt instruments to offset exposure to changes in short-term rates on investments.

At 31 March 2017 all PWLB borrowing was at fixed rates (2016:100%).

The table below illustrates the estimated impact on the Surplus or Deficit on the Provision of Services and Other Comprehensive Income and Expenditure as a result of applying a reasonably possible change to prevailing market interest rates to the Authority's exposures at the balance sheet date.

The calculations are based on a change in market interest rates of +/- 1% (100 basis points) for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant. This analysis is for illustrative purposes only.

Impact on:	1% decrease in interest rates		1% increase in interest rates	
	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000
(Surplus) or Deficit on the Provision of Services	(52)	54	(58)	(70)
Other Comprehensive Income and Expenditure	0	0	0	0

Based on the weighted average balances outstanding during the year, the impact of a 1% increase in market rates of interest on the surplus or deficit on the provision of services would have been a reduction in net interest payable of £155,897 (2015/6: £134,449). A 1% decrease in market rates of interest would have increased net interest payable by £52,859 (2015/16: £63,108).

39.9 Price risk

The Authority holds a limited number of equity shares. These instruments are classified as held for sale, meaning that all movements in price will impact on gains and losses recognised in Other Comprehensive Income and Expenditure. The Authority consequently has limited exposures to losses arising from movements in the market prices of these investments.

A general shift of 5% in the general price of these instruments (positive or negative) would thus have resulted in a gain or loss of less than £1,000 being recognised in the Other Comprehensive Income and Expenditure.

39.10 Currency risk

The Authority has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

40 Leases

40.1 Operating Lease – Authority as Lessee

The Authority leases a Multi-Storey car park in Workington, car parks in Keswick and a Post Office in Workington. The Authority also rents vehicles for its own use. The details of minimum lease payments as at 31 March are as follows:

At 31 March 2017	Future minimum rent payable		
	Within 1 year £'000	Between 2 & 5 years £'000	After 5 years £'000
Property Leases	310	1,226	8,264
Ground Rent	0	0	0
Vehicles	51	37	0
	361	**1,263**	**8,264**

At 31 March 2016	Future minimum rent payable		
	Within 1 year £'000	Between 2 & 5 years £'000	After 5 years £'000
Property Leases	289	1,504	8,348
Ground Rent	0	0	0
Vehicles	50	37	0
	339	**1,541**	**8,348**

The expenditure charged to the Comprehensive Income & Expenditure Statement during 2016/17 in relation to these leases was:

	2016/17			2015/16		
	Minimum Lease Payments £'000	Contingent Rents £'000	Sub Lease Payments Receivable £'000	Minimum Lease Payments £'000	Contingent Rents £'000	Sub Lease Payments Receivable £'000
Property Leases	300	74	0	270	9	0
Ground Rent	0	4	0	8	8	0
Vehicles	64	0	0	39	7	0
	364	**78**	**0**	**317**	**24**	**0**

40.2 Operating Lease – Authority as Lessor

The Authority acts as a lessor in respect of land and property owned by it and leased to tenants. The future minimum lease payments receivable under these arrangements are as follows:

At 31 March 2017	Future minimum payments receivable		
	Within 1 year £'000	Between 2 & 5 years £'000	After 5 years £'000
Small Licence Allotment	10	0	0
Industrial Land	77	293	3,119
Shops, Sub Stations & Other	449	1,650	55,810
	536	**1,943**	**58,929**

At 31 March 2016	Future minimum payments receivable		
	Within 1 year £'000	Between 2 & 5 years £'000	After 5 years £'000
Small Licence Allotment	12	0	0
Industrial Land	85	297	3,193
Shops, Sub Stations & Other	453	1,658	56,129
	550	**1,955**	**59,322**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2016/17 £900,653 (2015/16 £843,628) of contingent rents were receivable by the Authority.

41. Related Party Transactions

The Authority is required to disclose material transactions with related parties. These include a person (or close family member of that person) or an entity, that either controls or significantly influences the decisions and operations of the Authority or vice-versa. Related parties of the Authority include elected members, chief officers and entities controlled or significantly influenced by the Authority. It also includes the UK Government which exerts significant influence through legislation and grant funding. Disclosure of these transactions allows readers to assess the extent to which the Authority 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. A number of these transactions have already been disclosed within the financial statements and supporting notes as follows:

a) Transactions and balances with Central Government, NHS bodies and other local authorities (including parish councils) are disclosed within the Comprehensive Income & Expenditure Statement, Balance Sheet and Cash Flow Statement

b) Transactions and balances with the County Council, Central Government and Police and Crime Commissioner - in respect of council tax and NNDR - are disclosed in the Collection Fund Account and supporting notes

c) Transactions and balances with the Pension Fund are summarised in note 34

d) Remuneration of key management personnel is disclosed in note 12 - Members' Allowances and note 13 - Officers' Remuneration.

Transactions with Joint Ventures

The Authority holds Secured 12% Investor Loan Notes 2034, issued by Allerdale Investment Partnership LLP. These loan notes were issued at par with an issue value of £1,744,500. This includes £1,522,500 issued in 2014/15 in connection with the sale of surplus land to wholly owned subsidiaries of the partnership and loan notes with a par value of £222,000 issued by the partnership in 2015/16.

At 31 March 2017 the balance of Allerdale Investment Partnership Secured 12% Investor Loan Notes 2034 outstanding - including accrued interest - was £2,297,300 (31 March 2016: £2,051,160 (see note 26).

During the year the Authority paid costs on behalf of the partnership and AIP (Miltoft Field) Limited, a wholly owned subsidiary of the partnership, totalling £129,690. These payments were recovered in full during the financial year.

42. Contingent Assets and Liabilities

42.1 Home Housing Association

During 1987 the Authority entered into a joint scheme with Home Housing Association to secure the development of five sites in Workington, Silloth, Cockermouth and Keswick for houses to rent. Home Housing Association has, in three tranches, raised £100 million of stock which will mature in 2037. In order to enable Home Housing Association to raise private finance from institutional investors, all participating authorities were required to enter into a standard form of Guarantee in which they jointly and severally guarantee the loan stock raised by Home Housing Association to fund the development programme. There are nineteen authorities participating in the scheme.

The total liability to be guaranteed by participating authorities will be £100 million. This will continue in force until 2037 when the loan stock falls due to be repaid.

The strict liability of each authority under guarantee would be £100 million and, because the liability is joint and several, authorities would obviously not be prepared to expose themselves to the risk, however remote, of having to meet the full liability of the borrowing under their individual guarantee. There is a Counter Indemnity and Contribution arrangement whereby each participating Authority undertakes to reimburse any other authority or authorities paying more than their proportionate share of the guarantee. An authority’s proportionate share is determined by reference to the estimated development expenditure in that authority’s area. If the Guarantee were called in, the worst situation for the Authority would be that once it had recovered any contribution from other authorities, it would be left to fund no more than the cost of the development in its own area. This cost would be offset wholly, or partly, by the sums recovered from repossessing the units from Home Housing Association and selling them on. The latest schedule of guarantee levels indicates the Authority’s Estimated Development Expenditure at £4,106,000 from an overall total of £84,100,000.

42.2 Car Parking

A contract is in place for the provision of car parking within part of Workington town centre. In November 2014 the Authority issued court proceedings against the supplier to recover the sum of £99,508 due to the Authority under the terms of a management agreement between the Authority and the supplier. The Authority has also indicated an intention to bring an additional claim against the supplier regarding their obligations under the management agreement. If successful this could result in an asset, in the form of additional income, due to the Authority. The supplier served their defence against this claim on 29 January 2015 in which they acknowledged the overpayment.

They have also issued a counterclaim against the Authority alleging breach of the competition provisions of the management agreement which they value in excess of £100,000 but have not provided further quantification of this counterclaim.

Since the balance sheet date a full and final settlement has been achieved by the mutual consent of the supplier and the Council in which, amongst other things, all claims and disputes between the parties are concluded.

42.3 Municipal Mutual Scheme of Arrangement

In 1992/93 the Authority's insurers, Municipal Mutual Insurance (MMI), ceased trading and entered into a scheme of arrangement. This arrangement enabled MMI to continue to deal with and pay liability claims arising from incidents up to 1993 with the aim of achieving a solvent run off. Under the scheme of arrangement if a solvent run off is not achievable a percentage of claims payments made since 1993 could be clawed back by MMI.

Control of the Company has passed to a Scheme Administrator who, after carrying out a review of the assets and liabilities of MMI, advised the creditors of an initial levy rate of 15% on all claims paid to date within the scheme structure which exceeded £50,000 in aggregate. The initial levy rate, set in 2013/14 was subsequently increased to 25% during 2015/16. To date the Authority has made levy payments of £91,074 against claim payments of £414,298. At 31 March 2017 no further provision has been made for additional levy payments that would become payable should the Scheme Administrator increase the levy rate further. In the event that the levy rate is increased the maximum additional levy payable by the Authority is £273,224.

42.4 Workington Leisure Centre

The Authority has received a claim from the main contractor seeking compensation in connection with events affecting site access and delays to the date for 'power on'. A settlement proposal of £360,000 has been made by the contractor in respect of these events.

The contractor has also issued a claim for delay damages totalling £152,000 on the basis that the above compensation events provide full entitlement to relief from delay damages.

The Authority denies these are compensation events under the terms of the contract and has, following legal advice, rejected the settlement proposal made by the contractor.

43. Trust Funds

43.1 Keswick Museum and Art Gallery (Registered Charity Number 1088956)

Allerdale Borough Council is the sole trustee of Keswick Museum and Art Gallery, an unincorporated charitable trust, the objects of which are to maintain a public museum. Property of the trust - vested in the Authority as sole trustee - comprises the museum building situated at Station Road, Keswick and the Museum Collections & Exhibits.

Each year the Authority subsidises the charity to the extent of the excess of its expenses over its income. In 2016/17 the Trust received a contribution of £79,595 (2015/16 £100,526) from Allerdale Borough Council. The museum is managed on behalf of the Authority by Keswick Museum and Art Gallery Management Limited (Registered Charity Number: 1156330). The Keswick Museum and Art Gallery accounts are summarised below:

Summary Statement of Financial Activities	2016/17 £	2015/16 £
Income		
Contribution from Allerdale Borough Council	(79,595)	(100,526)
Donations	0	(14,800)
Total Income	(79,595)	(115,326)
Expenditure		
Direct charitable expenditure	79,595	100,526
Depreciation of Buildings	0	0
(Gain)/loss on disposal of fixed assets	0	0
Total Expenditure	79,595	100,526
Net (income)/Expenditure for the year		
Other gains and losses		
Gains on revaluation of fixed assets	(8,420)	0
Net (increase)/decrease in funds	**(8,420)**	**(14,800)**

Summary Balance Sheet	31/3/17 £	31/3/16 £
Heritage Assets	1,134,140	1,142,560
Total Fixed Assets	**1,134,140**	**1,142,560**
Cash & cash equivalents	0	0
Total Current Assets	0	0
Net Assets	**1,134,140**	**1,142,560**
Represented by:		
Unrestricted income funds		0
Designated funds:		
Museum Collections & Exhibits	1,134,140	1,142,560
	1,134,140	**1,142,560**

43.2 **Helena Thompson Museum** (Registered Charity Number 1119567)

Allerdale Borough Council is the sole trustee of the Helena Thompson Museum, an unincorporated charitable trust. The trust exists to maintain in good repair and condition the museum property (comprising the museum buildings, ground and collections), to support the purchase of antiques and articles of local interest for the museum and to fund the general expenses of the museum. The Trust property is vested in the Authority as sole trustee. Each year the Authority subsidises the charity to the extent of the excess of its expenses over its income. In 2016/17 the Trust received a contribution of £71,658 (2015/16 £73,527) from Allerdale Borough Council. The museum is managed on behalf of the Authority by Workington Heritage Group Limited ("WHG") (Registered Charity Number: 1127084). The Helena Thompson Museum accounts are summarised below:

Summary Statement of Financial Activities	2016/17 £	2015/16 £
Income		
Contribution from Allerdale Borough Council	(71,658)	(73,527)
Investments		(62)
Total Income	(71,658)	(73,589)
Expenditure		
Direct charitable expenditure	71,658	73,527
Depreciation of Buildings	41,520	41,521
Total Expenditure	113,178	115,048
Net (income)/Expenditure for the year		
Other gains and losses		
Gains on revaluation of fixed assets	(92,890)	0
Net (increase)/decrease in funds	**(51,370)**	**41,459**

Summary Balance Sheet	31/3/17 £	31/3/16 £
Tangible Assets	885,404	926,924
Heritage Assets	565,975	473,085
Investments	12,361	12,361
Total Fixed Assets	**1,463,740**	**1,412,370**
Cash & cash equivalents	0	0
Total Current Assets	**0**	**0**
Net Assets	**1,463,740**	**1,412,370**
Represented by:		
Restricted fund - Tangible assets	473,989	494,943
Revaluation reserve - Tangible assets	411,415	431,981
Restricted fund - Heritage assets	1,000	1,000
Revaluation reserve - Heritage assets	564,975	472,085
Restricted fund - Permanent endowment	12,361	12,361
	1,463,740	**1,412,370**

43.3 Other Funds

The Authority also acts as administrator and/or trustee for a number of other funds. These funds do not represent assets of the Authority and are not included in the Authority's Balance Sheet. Details of the amounts administered by the Authority are summarised below:

	Balance 31-Mar-15 £	Expenditure £	Income £	Balance 31-Mar-16 £	Expenditure £	Income £	Balance 31-Mar-17 £
Harrington Harbour & Dock Board	(39,579)	0	(197)	(39,776)	0	0	(39,776)
George Moore Memorial Trust	(1,996)	0	(23)	(2,019)	0	0	(2,019)
	(41,575)	**0**	**(220)**	**(41,795)**	**0**	**0**	**(41,795)**

The purpose of each of these funds is summarised below.

- **Harrington Harbour & Dock Board:** The trust exists to keep the harbour in good and substantial repair and condition.
- **George Moore Memorial Trust (Trust Registered Charity number 224360):** The trust exists to keep in good condition the George Moore Memorial Drinking Fountain, its pipes and apparatus. The trust also benefits the Bible Society.

44. Events After the Balance Sheet Date

The Statement of Accounts was certified by the Head of Financial Services, (Catherine Nicholson) on 21st August 2017.

Events taking place after this date are not reflected in the Statements or Notes. Where an event taking place before this date provided information about conditions existing at 31 March 2017, the figures in the Statements, or Notes, have been adjusted in all material aspects to reflect the impact of this information as appropriate.

Collection Fund

Income and Expenditure Account 2016/17

	2016/17			2015/16		
	Business Rates £'000	Council Tax £'000	Total £'000	Business Rates £'000	Council Tax £'000	Total £'000
INCOME						
Council Tax Receivable		50,438	50,438		48,196	48,196
Business Rates Receivable	27,655	-	27,655	26,381	-	26,381
Contribution towards previous year's estimated deficit	652	-	652	1,720	-	1,720
	28,307	**50,438**	**78,745**	**28,101**	**48,196**	**76,297**
EXPENDITURE						
Precepts (note 4)						
Allerdale Borough Council	-	6,511	6,511	-	6,226	6,226
Cumbria County Council	-	36,304	36,304	-	34,241	34,241
Police & Crime Commissioner for Cumbria	-	6,384	6,384	-	6,145	6,145
Business Rates (note 5)						
Payments to Central Government	13,899	-	13,899	13,266	-	13,266
Allerdale Borough Council	11,119	-	11,119	10,613	-	10,613
Cumbria County Council	2,780	-	2,780	2,653	-	2,653
Transitional Protection Payments	47		47	334		334
Cost of Collection	182	-	182	183	-	183
Disregarded Amounts	434	-	434	421	-	421
Contribution towards previous year's estimated surplus	-	1,115	1,115	-	810	810
Bad and Doubtful Debts						
Write-off of uncollectable amounts	254	171	425	112	128	240
Movement in allowance for impairment	(86)	376	290	28	(337)	(309)
Movement in provision for NNDR appeals	(286)	0	(286)	(12)	0	(12)
	28,343	**50,861**	**79,204**	**27,598**	**47,213**	**74,811**
Movement on Collection Fund						
Surplus/(Deficit) for year	(36)	(423)	**(459)**	503	983	**1,486**
Surplus/(Deficit) at 1 April	(1,854)	1,874	20	(2,357)	891	(1,466)
Surplus/(Deficit) at 31 March	**(1,890)**	**1,451**	**(439)**	**(1,854)**	**1,874**	**20**
Allocation of Surplus/(Deficit):						
Central Government	(945)	-	(945)	(927)	-	(927)
Allerdale Borough Council	(756)	192	(564)	(742)	250	(492)
Cumbria County Council	(189)	1,072	883	(185)	1,377	1,192
Police & Crime Commissioner for Cumbria	-	187	187	-	247	247
	(1,890)	**1,451**	**(439)**	**(1,854)**	**1,874**	**20**

Notes to Collection Fund Account

1 General

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR). The statement shows the transactions to the billing authority in relation to:

- the collection of council tax and non-domestic rates from taxpayers, and
- the distribution of the amounts collected to local authorities - Allerdale Borough Council & major preceptors -(Cumbria County and the Police and Crime Commissioner for Cumbria) and Central Government (central share of non-domestic rates)

The transactions recognised in the Collection Fund are wholly prescribed by legislation. Administrative costs associated with the collection process are charged to the General Fund.

Surpluses or deficits declared by the billing authority in relation to the Collection Fund (NNDR and Council tax) are distributed to central government and the relevant precepting bodies in the subsequent financial years in accordance with statutory provisions.

2 Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands, calculated using estimated 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Cumbria County Council, Police & Crime Commissioner for Cumbria and Allerdale Borough Council for the forthcoming year and dividing this by the Council Tax Base.

The Council Tax Base for 2016/17 of 29,470.69 represents the total number of properties in each band, with allowance for discounts, adjusted by a proportion to convert the number to a Band D equivalent, having taken account of the estimated collection rate for the year (97.5% for 2016/17; 2015/16: 97.5%).

The basic amount of Council Tax for a Band D property for 2016/17 of £1,608.46, (2015/16:£1,554.16), is multiplied by the proportion specified for the particular band to give an individual amount due.

The following table shows the Band D Equivalent Chargeable Dwellings, the Tax Base and the basis of Council Tax bills for Bands A to H, taking account of the relevant proportion of Band D for each band:

	Proportion of Band D	2016/17		2015/16	
		Basic amount of Council Tax £'000	Band D equivalent number of chargeable dwellings	Basic amount of Council Tax £'000	Band D equivalent number of chargeable dwellings
Band A	6/9	1,072.30	9,536.48	1,036.11	9,373.47
Band B	7/9	1,251.03	4,897.22	1,208.79	4,770.89
Band C	8/9	1,429.74	5,579.75	1,381.48	5,455.85
Band D	9/9	1,608.46	4,797.66	1,554.16	4,711.80
Band E	11/9	1,965.89	3,240.17	1,899.53	3,176.93
Band F	13/9	2,323.33	1,424.07	2,244.90	1,416.59
Band G	15/9	2,680.76	715.28	2,590.27	713.51
Band H	18/9	3,216.92	35.7	3,108.32	27.40
Equivalent Chargeable Dwellings			**30,226.33**		**29,646.44**
Tax Base: 97.5% of chargeable dwellings			**29,470.67**		**28,905.29**

The Council Tax income for 2016/17 of £50,438,917 (2015/16: £48,196,863 for 2015/16) is receivable from the following sources:

	2016/17 £	2015/16 £
Billed to Council Tax payers	63,958,939	61,339,301
Council Tax Benefit overpayments[1]	5,795	27,059
Total receivable from taxpayers	63,964,734	61,366,360
Discounts & exemptions	(13,916,513)	(13,480,617)
	50,048,221	47,885,743
Flood relief (transfer from General Fund)	396,491	338,179
Council Tax Benefit overpayments[1]	(5,795)	(27,059)
	50,438,917	**48,196,863**

[1] Council Tax Benefit was abolished in 2013/14 following the introduction of localised support for council tax and its replacement with a Council Tax Reduction Scheme administered by the Authority. Funding for Council Tax support schemes is now provided through the business rates retention scheme rather than through a separate grant.

3 National Non-Domestic Rates

National Non-Domestic Rates (NNDR) is based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government.

For 2016/17, the total non-domestic rateable value at the year-end is £71.1m (2015/16 £70.5m). The national multipliers for 2016/17 were 48.4p for qualifying Small Businesses, and the standard multiplier being 49.7p for all other businesses (48.0p and 49.3p respectively in 2015/16).

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates retention scheme. This replaced the scheme which had operated since 1990 under which business rates were paid into a central pool and then redistributed back to local authorities through formula grant. Under the business rates retention scheme 40% of business rates received is retained by the Authority. The remainder is paid to Central Government (50%) and Cumbria County Council (10%).

4 Council Tax - Precepts and Demands

The amount shown below represents the precepting authorities' demands on the Collection Fund:

2016/17	Precept £	Surplus[1] £	Total £
Allerdale Borough Council	6,511,484	148,971	6,660,455
Cumbria County Council	36,304,034	819,230	37,123,264
Police and Crime Commissioner for Cumbria	6,384,231	147,012	6,531,243

[1] distribution based on estimated 2015/16 surplus/deficit at 15 January 2016

2015/16	Precept £	Surplus[1] £	Total £
Allerdale Borough Council	6,226,592	107,607	6,334,199
Cumbria County Council	34,241,496	595,184	34,836,680
Police and Crime Commissioner for Cumbria	6,144,687	106,903	6,251,590

[1] distribution based on estimated 2014/15 surplus/deficit at 15 January 2015

5 Non-Domestic Rates – Payments

2016/17	NNDR income[1] £	(Deficit) £	Total £
Allerdale Borough Council (transfer from General fund)[1]	11,119,139	(260,956)	10,858,183
Cumbria County Council	2,779,785	(65,239)	2,714,546
Central Government	13,898,923	(326,194)	13,572,729

2015/16	NNDR income[1] £	(Deficit) £	Total £
Allerdale Borough Council (transfer from General fund)[1]	10,613,058	(688,018)	9,925,040
Cumbria County Council	2,653,265	(172,005)	2,481,260
Central Government	13,266,323	(860,022)	12,406,301

[1] excluding transfers and payments relating to cost of collection allowance and disregarded income (renewable energy schemes)

Group Comprehensive Income and Expenditure Statement

		2016/17			2015/16 As Restated		
	Note	Exp. £'000	Inc. £'000	Net £'000	Exp. £'000	Inc. £'000	Net £'000
Corporate Resources		6,518	(3,117)	3,401	5,146	(1,384)	3,762
Economic Growth		3,140	(1,672)	1,468	2,485	(1,169)	1,316
Housing, Health & Wellbeing		2,610	(2,913)	(303)	1,946	(670)	1,276
Leader of the Council		713	(210)	503	752	(206)	546
Localities & Environmental Quality		10,799	(5,445)	5,354	10,864	(4,873)	5,991
Regulatory Services		26,550	(26,074)	476	28,315	(27,558)	757
Tourism & Culture		810	(604)	206	1,010	(618)	392
Transformation		2,358	(318)	2,040	2,271	(311)	1,960
Cost of Services		**53,498**	**(40,353)**	**13,145**	**52,789**	**(36,789)**	**16,000**
(Gains) /losses on disposal of non-current assets	G4			4,145			2,564
Parish council precepts				1,797			1,689
Other Operating Expenditure				**5,942**			**4,253**
Interest payable and similar charges	35.6			799			708
Interest receivable and similar income	35.6			(304)			(280)
Income & expenditure relating to investment properties	20			(1,488)			(1,382)
Changes in fair values of investment properties	20			(945)			(2,519)
(Gains)/ losses on disposal of investment properties	9			0			317
Net interest on the net defined benefit liability	34			934			958
Financing and Investment Income and Expenditure				**(1,004)**			**(2,198)**
Capital grants and contributions	8.1			(90)			(1,455)
Income in relation to donated assets				0			(15)
Unringfenced revenue grants	8.2			(4,433)			(4,989)
Council tax income	8.3			(6,602)			(6,466)
Non-domestic rates income and expenditure	8.4			(4,026)			(3,424)
Taxation and non-specific grant income and expenditure				**(15,151)**			**(16,349)**
(Surplus) or Deficit on Provision of Services				**2,932**			**1,706**
Share of surplus or deficit on the provision of services by associates and joint venture				0			0
Tax expenses of subsidiaries, associates and joint ventures				0			0
Group (Surplus)/Deficit				**2,932**			**1,706**
Items that will not be reclassified to (Surplus) or Deficit on Provision of Services							
(Surplus)/ deficit on revaluation of non-current assets				(774)			(1,029)
Remeasurement of the net defined benefit liability	34			6,627			(3,820)
Share of other comprehensive income of associates and joint ventures				0			0
Items that may be reclassified to (Surplus) or Deficit on Provision of Services							
(Surplus)/ deficit on revaluation of available for sale financial assets (less amounts recycled on disposal)				0			0
Other Comprehensive Income and Expenditure				**5,853**			**(4,849)**
Total Comprehensive Income and Expenditure				**8,785**			**(3,143)**

Group Movement in Reserves Statement

2016/17	Note	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	**Total Usable Reserves £'000**	Unusable Reserves £'000	**Total Authority Reserves £'000**	**Group Reserves** £'000	**Total Reserves £'000**
Balance at 1 April 2016		8,646	409	861	**9,916**	33,717	**43,633**	**2,485**	**46,118**
Surplus or (deficit) on provision of services		(2,743)	0	0	**(2,743)**	0	**(2,743)**	**(189)**	**(2,932)**
Other Comprehensive Income and Expenditure		0	0	0	**0**	(5,937)	**(5,937)**	**84**	**(5,853)**
Total Comprehensive Income and Expenditure		**(2,743)**	**0**	**0**	**(2,743)**	**(5,937)**	**(8,680)**	**(105)**	**(8,785)**
Adjustments between Group and Authority Only Accounts	G5	(147)	0	0	(147)	0	(147)	**147**	**0**
Adjustments between accounting basis & funding basis under regulations	15	4,545	(31)	702	**5,216**	(5,216)	**0**	**0**	**0**
Increase / (Decrease) in Year		1,655	(31)	702	**2,326**	(11,153)	**(8,827)**	**42**	**(8,785)**
Balance at 31 March 2017		**10,301**	**378**	**1,563**	**12,242**	**22,564**	**34,806**	**2,527**	**37,333**

2015/16 (As Restated)	Note	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	**Total Usable Reserves £'000**	Unusable Reserves £'000	**Total Authority Reserves £'000**	**Group Reserves £'000**	**Total Reserves £'000**
Balance at 1 April 2015		10,949	388	956	**12,293**	29,635	**41,928**	**1,035**	**42,963**
Correction of Prior Period Error	2.2	0	0	0	**0**	(1,441)	**(1,441)**	**1,453**	**12**
Balance at 1 April 2015 (as restated)		10,949	388	956	**12,293**	28,194	**40,487**	**2,488**	**42,975**
Surplus or (deficit) on provision of services		(1,506)	0	0	**(1,506)**	0	**(1,506)**	**(200)**	**(1,706)**
Other Comprehensive Income and Expenditure		0	0	0	**0**	4,849	**4,849**	**0**	**4,849**
Total Comprehensive Income and Expenditure		**(1,506)**	**0**	**0**	**(1,506)**	**4,849**	**3,343**	**(200)**	**3,143**
Adjustments between Group and Authority Only Accounts	G5	(197)	0	0	**(197)**	0	**(197)**	**197**	**0**
Adjustments between accounting basis & funding basis under regulations	15	(600)	21	(95)	**(674)**	674	**0**	**0**	**0**
Increase / (Decrease) in Year		(2,303)	21	(95)	**(2,377)**	5,523	**3,146**	**(3)**	**3,143**
Balance at 31 March 2016		**8,646**	**409**	**861**	**9,916**	**33,717**	**43,633**	**2,485**	**46,118**

Group Balance Sheet

	Note	At 31/03/17 £'000	At 31/03/16 As Restated £'000	At 1/04/15 As Restated £'000
Property, Plant & Equipment	G7	52,922	56,502	52,786
Heritage Assets	G8	2,483	2,368	2,166
Investment Property	20	22,222	21,369	18,958
Intangible Assets	21	24	43	114
Long-term Investments	26	2,308	2,062	1,629
Investments in Associates & Joint Ventures	G12	0	0	0
Long-term Debtors	24	36	37	38
Long-term Assets		**79,995**	**82,381**	**75,691**
Short-term Investments	26	0	0	2,005
Inventory	27	26	36	22
Short-term Debtors	28	5,298	5,738	5,097
Payments in Advance	28	1,513	979	25
Cash and Cash Equivalents	29	8,077	9,572	8,852
Assets held for sale	25	0	77	0
Current Assets		**14,914**	**16,402**	**16,001**
Bank Overdraft	29	(1,860)	(2,182)	(1,829)
Short-term Borrowing	30	(497)	(496)	(480)
Short-term Creditors	31	(4,366)	(4,368)	(3,521)
Receipts in Advance	32	(1,547)	(2,999)	(1,070)
Provisions	33	(760)	(878)	(1,031)
Current Liabilities		**(9,030)**	**(10,923)**	**(7,931)**
Long-term Creditors & Receipts in Advance	-	(332)	(332)	0
Provisions	33	(55)	(75)	(90)
Long-term Borrowing	30	(13,380)	(13,607)	(9,828)
Deferred Credits	G9	(70)	(70)	(93)
Defined Benefit Pension Scheme	34	(34,709)	(27,658)	(30,775)
Long-term Liabilities		**(48,546)**	**(41,742)**	**(40,786)**
Net Assets		**37,333**	**46,118**	**42,975**
Usable Reserves	G6	12,209	9,883	12,222
Unusable Reserves	G6	25,124	36,235	30,753
Total Reserves		**37,333**	**46,118**	**42,975**

Group Cash Flow Statement

	Note	2016/17 £'000	2015/16 As Restated £'000
Net surplus or (deficit) on the provision of services	-	(2,932)	(1,706)
Adjustment to surplus or (deficit) on the provision of services for non-cash movements	G10	5,235	3,826
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	G10	(380)	(1,612)
Net cash flows from Operating Activities		**1,923**	**508**
Net cash flows from Investing Activities	37	(2,543)	(4,570)
Net cash flows from Financing Activities	38	(553)	4,429
Net increase or (decrease) in cash and cash equivalents		**(1,173)**	**367**
Cash and cash equivalents at the beginning of the reporting period	29	7,390	7,023
Cash and cash equivalents at the end of the reporting period	29	**6,217**	**7,390**

Notes to the Group Accounts

G1. Statement of Accounting Policies

G1.1 Group Accounts - basis of consolidation

The Group Accounts consolidate the financial statements of the Authority and its (material) interests in subsidiaries, associates and joint ventures. The accounting policies used in preparing the Group Accounts are those specified for the Authority's single entity (authority only) financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries, associates and joint ventures in preparing the Group Accounts to ensure conformity with those accounting policies. Additional accounting policies relevant to the preparation of the Group Accounts are set out below.

G1.2 Subsidiaries

A subsidiary is an entity, including an unincorporated entity such as a partnership controlled by the Authority. The Authority controls an entity when it has:

- power over the investee i.e. existing rights that give it the current ability to direct the relevant activities of the investee
- exposure, or rights, to variable returns from its involvement with the investee
- the ability to use its power over the investee to affect its returns

The Authority re-assesses whether or not it controls an investee if facts and circumstances indicate there are changes to one or more of the three elements of control listed above.

Where the Authority holds more than half of the voting rights of another entity, the Authority has power over that entity where:

- the relevant activities of the entity are directed by a vote of the holder of the majority of the voting rights; or
- the majority of the members of the governing body that directs the relevant activities are appointed by a vote of the holder of the majority of the voting rights,

unless the voting rights held are not substantive or do not otherwise provide the Authority with the current ability to direct the relevant activities of the entity.

Where the Authority holds less than the majority of the voting rights of an entity the Authority considers all relevant facts and circumstances in assessing whether or not voting rights in an investee are sufficient to give it power, including:

- the size of the Authority's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- contractual arrangements between the Authority and other vote holders
- potential voting rights held by the Authority that are substantive
- rights arising from other contractual arrangements
- any additional facts and circumstances that indicate that the Authority has, or does not have the current ability to direct the relevant activities of the investee.

Within the Group Accounts like items of assets, liabilities, reserves, income, expenses and cash flows of the Authority are aggregated, on a line by line basis, with those of its subsidiaries and the carrying amount of the Authority's investment in each subsidiary eliminated against the Authority's share of the reserves of each subsidiary. On consolidation intra-group balances and transactions and any unrealised gains and losses on transactions between group entities are eliminated in full.

The surplus or deficit on the provision of services and each component of other comprehensive income and expenditure are attributed to the Authority and to the minority interests (non-controlling interest) - even if this results in the minority interests having a deficit balance. The amounts attributed are determined on the basis of the relative ownership interests in the entity of the Authority and the minority interest, unless there are contractual arrangements that determine the attribution of earnings. Minority interests are presented separately in the group balance sheet in (unusable) reserves.

Consolidation of a subsidiary begins when the Authority obtains control over the subsidiary and ceases when the Authority loses control of the subsidiary. Income and expenditure of a subsidiary acquired or disposed of during the year are included in the group accounts from the date the Authority gains control or until the date the Authority ceases to control the subsidiary, as appropriate. Income and expenses of a subsidiary are based on the values of the assets and liabilities recognised in the group accounts at the date of acquisition.

G1.3 Changes in the Authority's ownership interests in existing subsidiaries

Changes in ownership interest in a subsidiary that do not result in a loss of control are accounted for as reserve transactions. The carrying amounts of the Authority's and minority's interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is recognised directly in reserves and attributed to the Authority.

Where the Authority loses control of a subsidiary the assets and liabilities of the former subsidiary - (and any related minority interests and other components of reserves) – are derecognised from the group balance sheet. Any resulting gain or loss is recognised in surplus or deficit on the provision of services. All amounts previously recognised in other comprehensive income and expenditure in relation to that subsidiary are accounted for as if the Authority had directly disposed of the related assets or liabilities (i.e. reclassified to surplus or deficit on the provision of services or transferred to another category of reserves).

Any investment retained in the former subsidiary is measured at its fair value when control is lost with the adjustment being recognised as part of the gain or loss on disposal of the controlling interest. That fair value is regarded as the fair value on initial recognition for subsequent accounting of a financial asset in accordance with IAS 39 - Financial Instruments: Recognition and Measurement and chapter 7 of the Code or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

G1.4 Interests in associates and joint ventures

An associate is an entity over which the Authority (or other group entity) has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Interests in associates and joint ventures are accounted for (in the group accounts) using the equity method of accounting except when the investment, or a portion thereof meets the criteria to be classified as held for sale, in which case it is accounted for in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations and section 4.9 of the Code.

Under the equity method an investment in an associate or a joint venture is initially recognised (in the group balance sheet) at cost. The carrying amount of the investment is adjusted thereafter to recognise changes in the Authority's share of net assets of the associate or joint venture since the acquisition date. Distributions received from an investee reduce the carrying amount of the investment.

When the Authority's share of losses of an associate or a joint venture exceeds its interest in the associate or joint venture (which includes any long-term interests that, in substance, form part of the Authority's net investment in the associate or joint venture) the Authority discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Authority resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

After application of the equity method the requirements of IAS 39 and chapter seven of the Code are used to determine whether any additional impairment loss is recognised with respect to the Authority's net investment in the associate or joint venture and other interests that do not form part of the net investment in the associate or joint venture.

The group Comprehensive Income and Expenditure Statement reflects the Authority's share of the operating results and other comprehensive income and expenditure of the associate or joint venture. Unrealised gains and losses resulting from transactions between the Authority (or other group entity) and the associate or joint venture are eliminated to the extent of the Authority's interest in the associate or joint venture. Where necessary, adjustments are made to the financial statements of associates and joint ventures subsidiaries in preparing the Group Accounts to ensure conformity with the accounting policies used in the Authority's single entity financial statements.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or joint venture. On acquisition of an investment in an associate or joint venture any excess of the cost of the investment over the Authority's share of the net fair value of the identifiable assets and liabilities is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Authority's share of the net fair value of the identifiable assets and liabilities over the cost of the investment is recognised in the surplus or deficit on the provision of services.

Use of the equity method is discontinued from the date when the investment ceases to be an associate or joint venture or when the investment is classified as held for sale. If the investment becomes a subsidiary it is accounted for as a business combination. If the retained interest in the former associate or joint venture is a financial asset, the Authority measures the retained interest at fair value at that date. The fair value of the retained interest is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39 and chapter 7 of the Code. The difference between the carrying amount of the investment at the date the equity method was discontinued and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the former associate or joint venture.

When the Authority discontinues the use of the equity method, all amounts previously recognised in other comprehensive income and expenditure in relation to that investment are accounted for on the same basis as would have been required if the associate or joint venture had directly disposed of the related assets or liabilities. Therefore where amounts previously recognised as other comprehensive income and expenditure in relation to the associate or joint venture would be reclassified to the surplus or deficit on the provision of services on disposal of the related assets or liabilities the Authority reclassifies the gain or loss from reserves to the surplus or deficit on the provision of services.

The Authority continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. The investment is not remeasured.

G2. Expenditure and Funding Analysis

	2016/17			2015/16		
	Net Expenditure chargeable to General Fund (GF) Balances (statutory basis) **£'000**	**Adjustments between the Funding and Accounting Basis** Note G2a **£'000**	**Net Expenditure in Comprehensive Income & Expenditure Statement** (accounting basis) **£'000**	**Net Expenditure chargeable to General Fund (GF) Balances** (statutory basis) **£'000**	**Adjustments between the Funding and Accounting Basis** Note G2a **£'000**	**Net Expenditure in Comprehensive Income & Expenditure Statement** (accounting basis) **£'000**
Corporate Resources	5,283	(1,882)	3,401	5,319	(1,557)	3,762
Economic Growth	(269)	1,737	1,468	(411)	1,727	1,316
Housing, Health & Wellbeing	317	(620)	(303)	1,077	199	1,276
Leader of the Council	432	71	503	387	159	546
Localities & Environmental Quality	3,332	2,022	5,354	4,337	1,654	5,991
Regulatory Services	325	151	476	601	156	757
Tourism & Culture	157	49	206	340	52	392
Transformation	1,672	368	2,040	1,618	342	1,960
Net Cost of Services	**11,249**	**1,896**	**13,145**	**13,268**	**2,732**	**16,000**
Other Operating Expenditure	1,797	4,145	5,942	1,689	2,564	4,253
Financing and Investment Income and Expenditure	0	(1,004)	(1,004)	0	(2,198)	(2,198)
Capital expenditure financed from GF	497	(497)	0	2,065	(2,065)	0
Taxation & non-ringfenced grants	(15,198)	47	(15,151)	(14,719)	(1,630)	(16,349)
Other Income and Expenditure	**(12,904)**	**2,691**	**(10,213)**	**(10,965)**	**(3,329)**	**(14,294)**
(Surplus) or Deficit on the General Fund	**(1,655)**	**4,587**	**2,932**	**2,303**	**(597)**	**1,706**
Opening General Fund Balance	8,646			10,949		
Surplus or (Deficit) on General Fund in Year	1,655			(2,303)		
Closing General Fund Balance at 31 March	**10,301**			**8,646**		

G2(a) Adjustments between the Funding and Accounting Basis

2016/17	Reallocation of Other Income & Expenditure	Statutory Accounting Adjustments			Consolidation Adjustments[1]	Total
		Adjustments for Capital Purposes	Net change for Pensions Adjustments	Other Differences		
	(Note 6.1 b) £000	(Note 6.1c) £000	(Note 6.1d) £000	(Note 6.1e) £000	£000	£000
Corporate Resources	(630)	(340)	(902)	(10)	0	(1,882)
Economic Growth	1,488	179	74	(4)	0	1,737
Housing, Health & Wellbeing	4	(705)	88	(7)	0	(620)
Leader of the Council	0	33	38	0	0	71
Localities & Environmental Quality	0	1,950	33	(3)	42	2,022
Regulatory Services	0	33	115	3	0	151
Tourism & Culture	0	29	17	3	0	49
Transformation	0	352	27	(11)	0	368
Net Cost of Services	**862**	**1,531**	**(510)**	**(29)**	**42**	**1,896**
Other Operating Expenditure	157	3,921	0	0	0	4,078
Financing and Investment Income and Expenditure	(1,019)	(945)	934	26	0	(1,004)
Capital expenditure charged to General Fund Balances	0	(430)	0	0	0	(430)
Taxation & non-ringfenced grants	0	(90)	0	137	0	47
Other income and expenditure from Expenditure and Funding Analysis	**(862)**	**2,456**	**934**	**163**	**0**	**2,691**
Difference between GF surplus or deficit and CIES Surplus or Deficit on the Provision of Services	**0**	**3,987**	**424**	**134**	**42**	**4,587**

[1] Consolidation of subsidiaries and joint ventures in accordance with accounting policies set out in note G1.

2015/16	Reallocation of Other Income & Expenditure	Statutory Accounting Adjustments			Consolidation Adjustments[1]	Total
		Adjustments for Capital Purposes	Net change for Pensions Adjustments	Other Differences		
	(Note 6.1 b) £'000	(Note 6.1c) £'000	(Note 6.1d) £'000	(Note 6.1e) £'000	£'000	£'000
Corporate Resources	(406)	(418)	(721)	(12)	0	(1,557)
Economic Growth	1,382	218	133	(6)	0	1,727
Housing, Health & Wellbeing	4	93	98	4	0	199
Leader of the Council	0	108	48	3	0	159
Localities & Environmental Quality	0	1,556	55	2	41	1,654
Regulatory Services	0	33	117	6	0	156
Tourism & Culture	0	31	26	(5)	0	52
Transformation	0	352	(11)	1	0	342
Net Cost of Services	**980**	**1,973**	**(255)**	**(7)**	**41**	**2,732**
Other Operating Expenditure	0	2,587	0	0	(23)	2,564
Financing and Investment Income and Expenditure	(980)	(2,202)	958	26	0	(2,198)
Capital expenditure charged to General Fund Balances	0	(2,065)	0	0	0	(2,065)
Taxation & non-ringfenced grants	0	(1,455)	0	(160)	(15)	(1,630)
Other income and expenditure from Expenditure and Funding Analysis	**(980)**	**(3,135)**	**958**	**(134)**	**(38)**	**(3,329)**
Difference between GF surplus or deficit and CIES Surplus or Deficit on the Provision of Services	**0**	**(1,162)**	**703**	**(141)**	**3**	**(597)**

[1] Consolidation of subsidiaries and joint ventures in accordance with accounting policies set out in note G1

G3. Expenditure and Income analysed by Nature

	2016/17 £'000	2015/16 £'000
Fees, charges & other service income	(8,567)	(7,552)
Interest & investment income (interest receivable)	(304)	(280)
Income and expenditure relating to investment properties	(1,488)	(1,417)
Income from council tax & business rates	(10,628)	(9,890)
Grants, contributions and donations	(36,310)	(35,696)
Total Income	(57,297)	(54,835)
Employee expenses	8,270	8,096
Other service expenses	42,615	42,269
Depreciation, amortisation & impairment	2,614	2,433
Interest payments	799	734
Net interest on defined benefit pension liability	934	958
Precepts & levies	1,797	1,689
Change in fair value of investment properties	(945)	(2,519)
Gain or loss on disposal of non-current assets	4,145	2,881
Total operating expenses	60,229	56,541
(Surplus) or deficit on the provision of services	**2,932**	**1,706**

G4. Gains & Losses on Disposal of Non-Current Assets

	2016/17			2015/16		
	Gains £'000	Losses £'000	Net £'000	Gains £'000	Losses £'000	Net £'000
Non-Current Assets Held for Sale	0	7	7	0	0	0
Property, Plant & Equipment	(5)	4,143	4,138	(23)	2,587	2,564
	(5)	**4,150**	**4,145**	**(23)**	**2,587**	**2,564**
Investment property	**0**	**0**	**0**	**(33)**	**350**	**317**

G5. Adjustments between Group Accounts and Authority Only Accounts

	2016/17 £'000	2015/16 £'000
Elimination of intra group transactions	147	174
Elimination of Authority's share of gains/losses on disposal of non-current assets to joint venture	0	23
	147	**197**

G6. Group Reserves

Group reserves comprise the Authority's share of the reserves of subsidiaries, associates and joint ventures.

	31/3/17 £'000	31/3/16 As Restated £'000
Usable Reserves		
Usable Reserves – Authority only statements (note 16)	12,242	9,916
Designated Funds of Keswick Museum & Art Gallery	25	25
Designated Funds of Helena Thompson Museum	12	12
Unrealised gains on disposal of non-current assets to joint venture	(70)	(70)
	12,209	**9,883**
Unusable Reserves		
Unusable Reserves – Authority Only Statements (note 17)	22,564	33,717
Designated Reserves of Keswick Museum & Art Gallery	1,109	1,118
Designated Reserves of Helena Thompson Museum	1,451	1,400
	25,124	**36,235**

G7. Property, Plant and Equipment

2016/17	Other Land & Buildings £'000	Equipment & Vehicles £'000	Infra-structure £'000	Community Assets £'000	Assets under Constr'n £'000	Total £'000
Cost or Valuation						
At 1 April 2016	36,052	859	16,788	2,015	9,694	65,408
Additions	0	412	128	0	1,765	2,305
Revaluation increases/(decreases) recognised in the Revaluation Reserve	61	0	0	0	0	61
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(33)	0	0	0	0	(33)
Derecognition - disposals	(4,433)	(424)	0	(40)	0	(4,897)
Transfers	10,625	424	0	0	(11,049)	0
At 31 March 2017	**42,272**	**1,271**	**16,916**	**1,975**	**410**	**62,844**
Accumulated Depreciation and Impairment						
At 1 April 2016	(1,383)	(754)	(6,769)	0	0	(8,906)
Depreciation Charge	(1,946)	(18)	(589)	0	0	(2,553)
Depreciation written out to the Revaluation Reserve	610	0	0	0	0	610
Derecognition - disposals	927	0	0	0	0	927
At 31 March 2017	**(1,792)**	**(772)**	**(7,358)**	**0**	**0**	**(9,922)**
Net Book Value at 31 March 2017	**40,480**	**499**	**9,558**	**1,975**	**410**	**52,922**
Net Book Value at 31 March 2016	**34,669**	**105**	**10,019**	**2,015**	**9,694**	**56,502**

Nature of asset holding						
Owned (Freehold)	**40,480**	**499**	**9,558**	**1,975**	**410**	**52,922**

2015/16	Other Land & Buildings £'000	Equipment & Vehicles £'000	Infra-structure £'000	Community Assets £'000	Assets under Constr'n £'000	Total £'000
Cost or Valuation						
At 1 April 2015	40,247	849	16,776	2,028	2,051	61,951
Additions	0	50	12	0	7,643	7,705
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(1,445)	0	0	0	0	(1,445)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2)	0	0	0	0	(2)
Derecognition - disposals	(2,671)	(40)		(13)		(2,724)
Transfers	(77)	0	0	0	0	(77)
At 31 March 2016	**36,052**	**859**	**16,788**	**2,015**	**9,694**	**65,408**
Accumulated Depreciation and Impairment						
At 1 April 2015	(2,233)	(751)	(6,181)	0	0	(9,165)
Depreciation Charge	(1,722)	(43)	(588)	0	0	(2,353)
Depreciation written out to the Revaluation Reserve	2,474	0	0	0	0	2,474
Derecognition - disposals	98	40	0	0	0	138
At 31 March 2016	**(1,383)**	**(754)**	**(6,769)**	**0**	**0**	**(8,906)**
Net Book Value at 31 March 2016	**34,669**	**105**	**10,019**	**2,015**	**9,694**	**56,502**
Net Book Value at 31 March 2015	**38,014**	**98**	**10,595**	**2,028**	**2,051**	**52,786**

Nature of asset holding						
Owned (Freehold)	**34,669**	**105**	**10,019**	**2,015**	**9,694**	**56,502**

G7.1 Revaluations

The Authority carries out a rolling programme of revaluations to ensure that Property, Plant and Equipment assets required to be measured at current value are:

- revalued at intervals of not more than five years
- reported in the balance sheet at a carrying amount that does not differ materially from that which would be determined using the asset's current value at the balance sheet date.

Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Valuations summarised in the following tables were undertaken in-house or by external valuers, NPS North West Limited and Walton Goodland in accordance with guidance provided by the Chartered Institute of Public Finance and Accountancy and the Royal Institution of Chartered Surveyors Valuation – Professional Standards (the 'Red Book').

Vehicles, plant, furniture and equipment that have short useful lives or low values (or both) are measured at depreciated historical cost as a proxy for fair value.

At 31 March 2017	Other Land & Buildings £'000	Equipment & Vehicles £'000	Infra-structure Assets £'000	Community Assets £'000	Assets under Constr'n £'000	Total £'000
Carried at historical cost		1,271	16,916	1,975	410	20,572
Valued at current value at:						
31 March 2017	14,282					14,282
31 March 2016	6,818					6,818
31 March 2015	14,072					14,072
31 March 2014	7,100					7,100
31 March 2013	0					0
Total Cost or Valuation	**42,272**	**1,271**	**16,916**	**1,975**	**410**	**62,844**

At 31 March 2016	Other Land & Buildings £'000	Equipment & Vehicles £'000	Infra-structure Assets £'000	Community Assets £'000	Assets under Constr'n £'000	Total £'000
Carried at historical cost		859	16,788	2,015	9,694	29,356
Valued at current value at:						
31 March 2016	11,368					11,368
31 March 2015	14,072					14,072
31 March 2014	7,438					7,438
31 March 2013	0					0
31 March 2012	3,174					3,174
Total Cost or Valuation	**36,052**	**859**	**16,788**	**2,015**	**9,694**	**65,408**

G8. Heritage Assets

G8.1 Reconciliation of the carrying value of Heritage Assets held by the group:

2016/17	At cost	At Valuation		Tangible Heritage Assets	Intangible Heritage Assets	Total
	Historical Sites & Monuments £'000	Museum Collections £'000	Civic Regalia £'000	£'000	£'000	£'000
Cost or Valuation						
At 1 April 2016	571	1,760	80	2,411	31	2,442
Additions – purchased	19	0	0	19	0	19
Additions – donated	0	0	0	0	0	0
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	0	103	0	103	0	103
At 31 March 2017	**590**	**1,863**	**80**	**2,533**	**31**	**2,564**
Accumulated depreciation & impairment						
At 1 April 2016	(43)	0	0	(43)	(31)	(74)
Depreciation charge	(7)			(7)	0	(7)
At 31 March 2017	**(50)**	**0**	**0**	**(50)**	**(31)**	**(81)**
Net book value at 31 March 2017	**540**	**1,863**	**80**	**2,483**	**0**	**2,483**
Nature of asset holding						
Owned (Freehold)	**540**	**1,863**	**80**	**2,483**	**0**	**2,483**

2015/16	At cost	At Valuation		Tangible Heritage Assets	Intangible Heritage Assets	Total
	Historical Sites & Monuments £'000	Museum Collections £'000	Civic Regalia £'000	£'000	£'000	£'000
Cost or Valuation						
At 1 April 2015	377	1,745	80	2,202	31	2,233
Additions – purchased	194	0	0	194	0	194
Additions – donated	0	15	0	15	0	15
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	0	0	0	0	0	0
At 31 March 2016	**571**	1,760	80	**2,411**	**31**	**2,442**
Accumulated depreciation & impairment						
At 1 April 2015	(36)	0	0	(36)	(31)	(67)
Depreciation charge	(7)	0	0	(7)	0	(7)
At 31 March 2016	**(43)**	**0**	**0**	**(43)**	**(31)**	**(74)**
Net book value at 31 March 2016	**528**	**1,760**	**80**	**2,368**	**0**	**2,368**
Nature of asset holding						
Owned (Freehold)	**528**	**1,760**	**80**	**2,368**	**0**	**2,368**

G8.2 Description of the Council's Collection of Heritage Assets

In addition to the museum collections included in the Authority only accounts, heritage assets reported in the Group Accounts include the collections held at the Keswick Museum and Art Gallery and Helena Thompson Museum. These include collections of fine and decorative art, antique furniture, clocks and collectables, documents, maps and literary material primarily associated with the Lakes poets and writers, as well as with various social and natural history, geological and archaeological collections. The Keswick Museum collections are managed on behalf of the Authority by Keswick Museum and Art Gallery Management Limited (registered charity number 1156330).The Helena Thompson collection is managed by the Workington Heritage Group Limited (registered charity number 1127084).

Museum collections are reported in the Group Balance Sheet at an insurance valuation based on open market replacement cost for items of a comparable nature, age and condition. The latest full valuation was undertaken in March 2017 by external valuers - Mitchells Antiques & Fine Art Auctioneers and Valuers. Values were assigned to all individual items within the collection with an expected replacement cost in excess of £1,000 that were on display, or accessible in store at the time of the re-valuation. Items with an expected replacement cost of less than £1,000 were reappraised by reference to previous inventories and valuations, accession books, MODES records and information provided by museum staff. These items are categorised by the valuer as 'Unspecified Accessions'. Valuations are reviewed and updated annually to ensure that they remain current.

The collections included in the group balance sheet can be summarised as follows:-

Description	31/3/17 £000	31/3/16 £000
Fine Art/Decorative Art	400	482
Antique furniture, clocks and collectables including ceramics and glass	194	154
Silver and Plate	83	59
Social History	448	405
Literature	210	180
Miscellaneous Artefacts	104	53
Unspecified Accessions	424	427
Total	**1,863**	**1,760**

G8.3 Heritage Assets of particular importance

Details of the carrying value of items within the Authority's museum collections deemed to be of particular importance due either to their unique nature, historical significance or monetary value include the following items:

Description	31/3/17 £000	31/3/16 £000
Joseph Richardson's Original Rock, Bell & Steel Band eight octave rock xylophone (lithophone) with two rows of steel bars, Swiss bells and large kick drums, circa 1840-46	265	240
The Crosthwaite Musical Stones two octave rock xylophone (lithophone) in glazed mahogany display cabinet circa 1785-91	65	65
Joseph Flintoft of Keswick Model of The Entire Lake District, circa 1834 12ft 9ins x 9ft 3ins.	66	60
Six Keswick School of Industrial Art copper electroliers, each with a circular corona and three saucer-shaped shades, supported on chains from a domed cupola, circa 1900	24	18
Joseph Heard (circa 1799-1859) - The Amathea, a full-rigged ship, built in Workington, 1847. Episode of three oil on canvas paintings signed and dated 1852	60	45
Collection of letters, documents and literary material including manuscripts of published poems and unpublished letters	159	140
The Clifton Dish press-moulded red earthenware dish with pie-crust edge trailed in two tones of brown slip on a cream-ware ground decoration based on British Royal Arms 18th Century.	41	38
	680	**606**

The above items represents approximately 37% of the overall value of the total museum collections at 31 March 2017 (31 March 2016: 34%).

G8.4 Summary of Heritage Asset transactions:

Heritage assets reported in the balance sheet

	2016/17 £'000	2015/16 £'000
Acquisitions		
Monuments & statues	19	194
Museum artefacts	0	0
Donations		
Monuments & statues	0	0
Museum artefacts	0	15
Total additions	**19**	**209**
Disposals		
Carrying value	0	0
Sale proceeds	0	0

There were no acquisitions or disposals of heritage assets, not reported in the balance sheet, during 2016/17 (2015/16: £nil).

G9 Deferred Credits

	31/3/17 £'000	31/3/16 £'000
Unrealised gains on disposal of non-current assets to joint venture	(70)	(70)

G10 Cash Flow Statement – Operating Activities

Reconciliation of Net Surplus or (Deficit) on the Provision of Services to the Net Cash Flow from operating activities

	2016/17 £'000	2015/16 As Restated £'000
Net Surplus or (Deficit) on the Provision of Services	(2,932)	(1,706)
Adjust net surplus or deficit on the provision of services for non-cash movements		
Depreciation	2,560	2,360
Impairment and downward valuations	19	2
Amortisation	33	71
Increase/(Decrease) in Interest Creditors	4	3
Increase/(Decrease) in Creditors	(402)	1,955
(Increase)/Decrease in Interest and Dividend Debtors	(246)	(206)
(Increase)/Decrease in Debtors	(287)	(1,382)
(Increase)/Decrease in Inventories	10	(14)
Movement in Pension Liability	424	703
Contributions to/(from) Provisions	(138)	(168)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	4,212	3,044
Movement in investment property values	(945)	(2,519)
Other non-cash movements	(9)	(23)
	5,235	**3,826**
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities		
Capital Grants credited to surplus or deficit on the provision of services	(90)	(1,470)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(290)	(142)
	(380)	**(1,612)**
Net Cash Flows from Operating Activities	**1,923**	**508**

G11 Interests in subsidiaries

Entities accounted for as subsidiaries comprise the Authority's interests in Keswick Museum and Art Gallery and Helena Thompson Museum.

Keswick Museum and Art Gallery

The Authority is the sole trustee and parent body of Keswick Museum and Art Gallery, an unincorporated charitable trust established under a charity scheme dated 11th January 1995. The objects of the Trust are to provide and maintain a public museum to advance education. Under the scheme property of the trust (comprising the museum building situated at Station Road, Keswick and the museum's collections and exhibits) is vested in Allerdale Borough Council (as sole trustee). The Trust does not maintain its own bank account and each year the Authority subsidises the Trust to the extent of the excess of its expenditure over its income.

Further information including summarised financial information is set out in note 43 to the Authority Only Accounts.

Income and property of the trust are subject to the restrictions imposed by the Trust's governing document and Charity Law and may only be applied to further the objects of the trust. Income of the Trust may only be applied for the purposes set out in the sealed charity scheme dated 11th January 1995 including meeting:

- the costs of maintaining the property of the museum (including the repair and insurance of any buildings thereon)
- all other charges and outgoings payable in respect of the museum
- costs, charges and expenses of and incidental to the administration and management of the museum.

The Authority is not permitted to apply income of the charity directly in relief of rates, taxes or other public funds.

Helena Thompson Museum

The Authority is also the sole trustee and parent body of the Helena Thompson Museum Trust an unincorporated charitable trust established under the will of the late Helena Agnes Mary Thompson. The objects of the Trust are to provide and maintain a public museum.

Property of the Trust (comprising the museum buildings and grounds and the museum's collections and exhibits) is vested in Allerdale Borough Council (as sole trustee) and held on charitable trust for use as a museum in accordance with the provisions of the will.

Each year the Authority subsidises the Trust to the extent of the excess of its expenditure over its income. The Trust holds no general unrestricted funds and all transactions of the Trust are recorded in the Authority's accounting records. The Trust does not maintain its own bank account.

Income and property of the Trust are subject to the restrictions imposed by the Trust's governing document and Charity Law and may only be applied to further the objects of the trust.

Further information including summarised financial information is set out in note 43 to the Authority Only Accounts.

G12 Interests in joint arrangements and associates

The Authority has a 50% interest in Allerdale Investment Partnership LLP a joint venture partnership with Lucent Allerdale Partnership SARL. The joint venture was established to enhance the value of the Authority's surplus land and stimulate economic growth across the Borough. Allerdale Investment Partnership LLP was incorporated in the United Kingdom on 7th April 2014.

In the group accounts the Authority's interest in Allerdale Investment Partnership LLP is accounted for as a joint venture using the equity method.

Summarised financial information about the joint venture, based on its IFRS financial statements and a reconciliation of this information to the carrying amount of the investment in the group accounts are set out below:

	31/3/17 £000	31/3/16 £000
Non-current assets	0	0
Current assets[1]	3,137	3,528
Current liabilities[2]	(260)	(517)
Non-current liabilities[3]	(4,592)	(4,100)
Net Assets	(1,715)	(1,089)
Included in the above amounts are:		
[1] Current assets - Cash and cash equivalents	852	1,697
[2] Current financial liabilities (excluding trade & other payables and provisions)	0	(117)
[3] Non-current financial liabilities (excluding trade payables and other payables and provisions) - long term borrowing	(4,592)	(4,100)

	2016/17 £000	2015/16 £000
Revenue	0	1,100
Profit or (loss) from continuing operations[1]	(626)	(442)
Post tax profit or (loss) from discontinued operations	0	0
Other comprehensive income for the year	0	0
Total comprehensive income for the year	(626)	(442)
[1]Included in the above amounts are:		
Depreciation and amortisation	0	0
Interest income	0	0
Interest expense	492	425
Corporation tax expense (income)	0	117
Authority's (& Group's) share of profit/(loss) for the year	(313)	(236)
Dividends received by group from joint venture	0	0

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the group accounts

	31/3/17 £000	31/3/16 £000
Net assets of the joint venture	(1,715)	(1,089)
Proportion of the Authority's ownership interest in the joint venture	50%	50%
Goodwill	0	0
Authority's share of net assets/(liabilities)	(858)	(545)
Elimination of unrealised profits on downstream transactions	(70)	(70)
Deferred credit balance relating to unrealised profits on downstream transactions	70	70
Unrecognised share of losses of a joint venture or associate	858	545
Carrying amount of the Authority's interest in the joint venture	0	0

G12.1 Unrecognised share of losses of a joint venture

Under the equity method when the Authority’s share of losses of an associate or joint venture exceeds its interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Authority’s net investment in the associate or joint venture), it discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Authority has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

	2016/17 £000	2015/16 £000
Unrecognised share of losses (gains) of joint venture - Allerdale Investment Partnership LLP - for the year	313	236

	31/3/17 £000	31/3/16 £000
Cumulative unrecognised share of losses of joint venture - Allerdale Investment Partnership LLP	858	545

Profits in Allerdale Investment Partnership LLP cannot be distributed without the consent of the two venture partners.

At 31 March 2017 there were no contingent liabilities or capital commitments related to the group's investment in the joint venture. (31 March 2016: Nil).

Annual Governance Statement

1. Scope of Responsibility

Allerdale Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

The Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. The Code is regularly reviewed and the Council is currently reviewing and updating the Code. There is a copy of the code is on our website at Local Code of Corporate Governance - Allerdale Borough Council. This statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1)(b), which requires all relevant authorities to prepare an annual governance statement.

2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its priorities and to consider whether those priorities have led to the delivery of appropriate services and value for money.

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

The following section summarises the key elements of the Council's governance arrangements in place during the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

3. Governance arrangements

3.1 Developing and Communicating the Council's vision and intended outcomes for citizens and service users

The Council Plan is the key policy document for the Council, providing the framework for all Council activity. The Council Plan provides a clear message to the public and our partners about the priorities for the Council over a 4 years period, and where the Council will focus its resources and activity. Along with the Council's vision and priorities the Council Plan also details the key objectives to be delivered in support of the priority themes.

3.2 The Council's vision – implications for governance arrangements

The Council Plan is annually reviewed with members to ensure that the vision and priority themes are still relevant and consistent with members' aspirations. Executive Portfolios are reviewed by the Leader of the Council and all portfolio holders have now been assigned responsibility for specific objectives in the Council Plan 2015-19.

The Council Plan 2015-19 is underpinned by a set of supporting strategies and a detailed Delivery Plan that sets out key activities and performance measures for each priority theme in the Council Plan. This Delivery Plan forms the basis of quarterly performance reports considered by the Senior Management Team, Executive and Overview and Scrutiny Committee.

3.3 Measuring the Performance of Services

User satisfaction is measured through a variety of channels and media. The Council carries out a large scale perceptions survey every two years. The survey asks residents how satisfied they are with a variety of Council services as well as how informed they feel about Council decision making and how far they feel the Council provides value for money.

Performance of services provided to customers is monitored against a range of financial and non-financial performance measures identified for each of the priority themes included in the Council Plan.

3.4 Roles and Responsibilities

The Council documents and defines roles and responsibilities in a number of ways. These are set out in the Constitution and terms of reference for Committees. The Council's role in significant partnerships is defined and responsibilities within these are understood by relevant parties.

3.5 Governance and People

The Council has adopted a suite of core and functional behaviours which all staff have collectively agreed is 'what great looks like' at Allerdale Borough Council. This behaviours framework is being used to develop the workforce, assist with communications by providing good well thought out feedback, enhance accountability and decision making and provides a clear definition of the standards of behaviour for staff. This is supported by the Council's Code of Conduct, Employee Handbook and member induction programme.

3.6 Risk Management

To support the need for continuous improvement the Council agreed to develop an integrated assurance framework to contribute to the delivery of the objectives of the Council Plan. This is being embedded via regular facilitator led risk management sessions, improved service planning and risk management processes.

The Corporate Risks and Issues Log is monitored regularly by the Senior Management Team and all risk owners are clear of their roles and responsibilities in the risk management framework. Communication of risk as part of the quarterly performance report ensures the Council's Executive have an opportunity to consult and contribute.

3.7 Ensuring Effective Counter-fraud and Anti-corruption arrangements are Developed and Maintained

The Council's Corporate Counter Corruption Framework was completely reviewed and published in 2015. To supplement this, an e-learning training module has been released on the Councils intranet. It was agreed that this training would be mandatory and is being completed by officers to raise their awareness of local government fraud risks. A CIPFA led fraud awareness training day was delivered to members and officers in March 2017.

The Council participates in the National Fraud Initiative data matching exercise conducted by the Cabinet Office. All datasets for the 2016/17 fraud exercise have been uploaded to the National Fraud Initiative website and the results are now available, highlighted cases are under review.

3.8 Ensuring Effective Management of Change and Transformation

The Council must be able to respond flexibly to the challenges and opportunities through the continued transformation of services and the new ways of working that are constantly sought in order to make best use of all Council resources.

The Council has reviewed its approach to change management and has developed a Managing Change Policy Statement and Procedure. This enables the Council to respond effectively to change in order to maintain a workforce that efficiently and effectively delivers a high standard of service to local residents and provides a framework for managing change effectively, fairly and consistently, through planning, consultation, and communication. During 2016/17 this framework has been used to support staff through full service restructures for the areas of Community Services and Customer Operations.

3.9 Programme and Project Management

When new projects are initiated via the Project, Procurement and Commissioning service, they are reported to the Commissioning and Procurement Board (CPB). This allows assurance functions to oversee and advise on projects. This process includes risk management, legal advice, financial services advice, information management and data security, ICT and customer services. The CPB encourage accountability and responsibility for project assurance. Value for money information is expected as part of the business cases presented and provides assurance that relevant laws, regulations, internal policies and procedures are considered and complied with.

3.10 Financial Management Arrangements

The Council's financial management arrangements conform to the governance requirements of CIPFA's "Statement on the Role of the Chief Financial Officer in Local Government". The Head of Financial Services (s151 Officer) is a key member of the Senior Management Team and has unfettered access to the Leader and Chief Executive.

The Head of Financial Services is designated as the responsible officer for the administration of the Council's financial affairs under section 151 of the Local Government Act 1972; their responsibilities are defined in the constitution.

The Head of Financial Services oversees the development and work of the financial management function at the Council and is the Council's responsible officer for matters of financial administration. The post holder is professionally qualified as a Fellow Chartered Certified Accountant with suitable experience.

The Council has established robust financial planning and review processes. The Council has a statutory responsibility to set a balanced budget for each financial year. The financial management approach, agreed by Members, also requires the Council to prepare a revised budget that takes into consideration the outputs and findings of the in-year financial monitoring procedures and quarterly financial reporting to the Council's Executive. This approach allows for more accurate monitoring of spend and enables the Council's Executive to approve revisions and supplementary estimates.

The annual revenue budget is set within the context of the Council's three year Medium Term Financial Strategy. The Medium Term Financial Strategy provides the funding framework within which the Council seeks to achieve the priorities set out in the Council plan and highlights the key financial risks facing the Council.

In 2016 the Council formally adopted a three year Asset Management Plan and a Disposals and Acquisitions Policy. The Asset Management Plan establishes the framework for the effective management of land and property owned or leased by the Council. The Disposals and Acquisitions Policy sets out the principles and processes associated with the acquisition and disposal of land and property.

3.11 Financial Monitoring and Reporting

The Council's Executive receive quarterly finance reports including information on net revenue expenditure to date and forecast position against budget to the end of the financial year, capital expenditure to date and forecast position against budget to the end of the financial year, treasury and risk management activity and performance information relating to income collection and payments to suppliers. The Chief Finance Officer attends the Senior Management Team weekly and Executive meetings.

3.12 Ensuring Effective Arrangements are in Place for the Discharge of the Monitoring Officer Function

The Head of Governance is the Council's Monitoring Officer and has a duty to report to the Council and Executive in any case where they are of the opinion that any proposal, decision or omission will give rise to unlawfulness or if any decision or omission has given rise to or would constitute maladministration.

The Monitoring Officer provides a range of functions relating to the conduct of Members (for example maintaining the Register of Members' Interests, Code of Conduct complaints etc.), promoting transparency, advising the Audit Committee and providing commentary on every report to the Executive and Council.

3.13 Ensuring Effective Arrangements are in Place for the Discharge of the Head of Paid Service Function

The Council's Head of Paid Service is the Chief Executive. The Council's Local Code of Corporate Governance includes among its core principle 'Members and officers working together to achieve a common purpose with clearly defined functions and roles' and makes the Chief Executive responsible and accountable to the Council for all aspects of operational management. The Chief Executive is supported in his role by the Corporate Director and has regular access to and contact with, the Leader of the Council and the Council's Executive, through formal meetings of the Executive and informal Joint Executive/Senior Management Team meetings. The Corporate Leadership Team meets weekly, this consists of the Chief Executive, Leader, Deputy Leader and Corporate Director.

3.14 Audit Committee

The Council has established an Audit Committee to provide oversight over the adequacy of the Council's risk management framework, internal control environment and the integrity of the financial reporting and annual governance processes. The Audit Committee reports to Full Council on these and related financial probity issues. The Audit Committee operates in accordance with CIPFA's "Audit Committees – Practical Guidance for Local Authorities".

The Audit Committee has delegated responsibility for considering and approving, on behalf of the Council, the annual Statement of Accounts and Annual Governance Statement. The Committee is also responsible for reviewing:

- reports and recommendations issued by the Authority's internal and external auditors including progress made in implementing audit recommendations
- progress made by Internal Audit against its annual audit plan.

Internal and external audit recommendations are also subject to regular monitoring by the Council's Senior Management Team.

3.15 Internal Audit

An annual audit opinion the adequacy and effectiveness of the organisations framework for risk management, control and governance processes is provided to the Audit Committee based on the work undertaken by Internal Audit during the year.

The Assurance Risk and Audit Manager reports to the Council's Head of Governance and Monitoring Officer and has access to the Senior Management Team, Section 151 Officer and Chief Executive as required.

The Authority 's Internal Audit function conforms, in all material respects, with the CIPFA Statement on the Role of the Head of Internal Audit. The Assurance Risk and Audit Manager is a qualified Internal Audit Practitioner (PIIA) and Certified Internal Auditor with over ten years Internal Audit experience.

The Public Sector Internal Auditing Standards (PSIAs) are embedded into the Internal Audit Service, who constantly review quality and strive for improvement. There are no significant areas of non-compliance with the PSIAs.

The Internal Audit Manager considers in the annual overview for 2016/17 that:

'It is my opinion that the independent assurance reviews completed by the Assurance Risk and Audit Team and the evidence gathering processes employed by the Governance Group provide substantial assurance over the adequacy and effectiveness of the organisations framework for risk management, control and governance.'

3.16 Ensuring Compliance with Relevant Laws and Regulations

Systems are in place to ensure appropriate legal and financial advice is provided at relevant points in the decision-making process. All reports to Members are reviewed by both the Head of Financial Services (the Council's Chief Finance Officer) and the Head of Governance (the Council's Monitoring Officer). This ensures checks are made on the legal and financial consequences of any course of action prior to a decision being made. Committee reports must also evidence consideration of the economic, social and environmental implications.

The Council has a variety of methods of receiving updates in legislative changes. In addition to the departmental roles in keeping up to date with legislative, regulatory and guidance changes, the Council subscribes to a corporate policy updating service which provides regular updates directly to officers. The Policy Group meets bi-monthly to oversee major legislative changes and involves representatives from all services. The usual method of direct notification of legislative changes by Central Government also occurs on an ongoing basis. This is also supported by employees' membership of professional bodies and the associated requirement that they will remain up to date with changes to their area of expertise and responsibility. Employees are provided with training necessary to maintain up to date professional competencies.

The Council's Information and Records Officer regularly reviews and updates relevant internal policies to ensure compliance with prevailing legislation, codes of practice and guidance in relation to information governance. The Information and Records Officer also acts as the primary point of contact for enquiries from officers, elected members and the public regarding freedom of information, data protection, records management and transparency, and provide advice as required. The Internal Audit team provide independent assurance over the management of information and data security risks as part of their Audit Plan.

3.17 Complaints and Whistle blowing

The Council operates a formal Corporate Complaints system in accordance with best practice, giving members of the public the means through which to complain about aspects of the Council's services with which they are dissatisfied. The Council's whistle blowing arrangements are publicly available to ensure there is a clear channel of confidential reporting for the public.

The Senior Management Team undertakes monthly reviews of the Corporate Complaints to ascertain areas which we can learn to do things better in the future. The Local Government Ombudsman provides an annual report detailing the number of complaints and enquiries they receive along with the outcome.

3.18 Clear Channels of Communication

To promote openness and transparency all formal meetings are held in public, and the reports and minutes of those meetings published on the Council's website, unless there are legal reasons for confidentiality. There are opportunities for members of the public to ask questions at meetings of the Council, Committees and Scrutiny Panels. Several channels of communication are used to ensure all stakeholders find information accessible.

3.19 Commercial and Commissioning

The Council recognises that a commercial and commissioning approach brings with it opportunities for introducing greater flexibility in commitment of resources. However purchasing services from third parties also demands assurance that businesses delivering the goods and services are financially resilient, reliable, reputable and will continue to deliver at the right quality in the face of difficult economic conditions locally, nationally and globally. This work is overseen by the Council's Commercial and Commissioning and Procurement Boards, membership of these boards comprise of both members and officers.

Whilst the Council continues to deliver most of its services directly there are a number of areas where services are commissioned. The Council has a number of significant contractual arrangements in place for delivery of services. Arrangements are in place, to monitor both the administration of the services and the quality of that service and ensure this information is reported back into the Council.

3.20 Good Governance in respect of Partnerships

The Council's key governance arrangements and procedures ensure that partnerships are entered into for the right reasons and partnership arrangements are clearly defined. The actual appliance of and delivery of partnerships is the responsibility of individual service areas. Significant partnerships are subject to regular monitoring and review.

4. Review of Effectiveness

During 2016/17 organisation wide assurance information has been collated and there exists many means of independent review of effectiveness throughout the Council Services. These include assurance reviews by Assurance, Risk and Audit and External Auditor Grant Thornton. Opportunities to strengthen governance arrangements were identified and the Commercial Board has grown its membership to include the Commissioning Manager and the Heads of Economic Growth, Housing and Health and Development Services.

During 2016/17 the Institute of Cemetery and Crematorium Management awarded Bereavement Services a gold standard for the Bereaved Assessment Process. The new Workington Leisure Centre which opened in September 2017, won the Tourism and Leisure award in the 2017 RICS Awards (North West), run by the Royal Institution of Chartered Surveyors

5. Significant Governance Issues Update

5.1 Business Continuity

During 2016/17 the Council has further developed its Business Continuity arrangements. This included:

- the creation of ICT & Corporate Business Continuity Actions Plans held on an externally hosted, cloud based, business continuity system
- introducing procedures for the ongoing review of Business Continuity Actions Plans by individual departments
- completion and evaluation of a desktop exercise.

A rolling programme of departmental exercises involving unannounced business continuity scenario tests by external consultants is planned to take place during 2017/18.

5.2 Allerdale Investment Partnership (AIP)

The Allerdale Investment Partnership's management arrangements have been reviewed and the Council are satisfied by the effectiveness of these arrangements in delivering the Council's priorities and managing the partnerships activities in accordance with the Members Agreement.

The Council has reviewed its financial and governance processes and procedures and appointed a Project Manager to coordinate the monitoring and scrutiny of the identified governance, legal and operational improvements in addition to furthering proposals for the key development sites. An internal officer group, including Director, Head of Economic Growth, Head of Financial Services and the Head of Governance meets monthly prior to the project team to scrutinise arrangements for the AIP.

6. Conclusions

At the date of approval of the financial statements there were no significant governance issues requiring action.

Alan Smith
Leader of Allerdale Borough Council

Ian Frost
Chief Executive

24th August 2017

Glossary of Terms

accounting period	The period of time covered by the accounts, normally a period of 12 months ending with 31st March.
accounting policies	The specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements.
accruals	Liabilities to pay for goods or services that have been received or supplied during the accounting period but have not been paid , invoiced or formally agreed with the supplier, including amounts due to employees (for example amounts relating to accrued holiday pay) .
accrual basis	A basis of accounting under which transactions and other events are recognised when they occur (and not only when cash or its equivalent is received or paid). The accruals basis of accounting requires the non-cash effects of transactions and events to be recorded and reported in the financial statements of the accounting period to which they relate and not in the period in which any cash is received or paid.
active market	A market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
actuarial gains and losses (for a defined benefit pension scheme)	Changes in the present value of the defined benefit obligation resulting from: (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and (b) the effects of changes in actuarial assumptions.
amortisation (depreciation)	The systematic allocation of the depreciable amount of an intangible asset over its useful life.
amortised cost of a financial asset or financial liability	The amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.
assets	A resource controlled by the authority as a result of past events, and from which future economic benefits or service potential are expected flow to the authority.
asset ceiling	The present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.
assets held by a long-term employee benefit fund	Assets (other than non-transferable financial instruments issued by the reporting authority) that are either: (a) held by a fund that is separated within the reporting authority in accordance with Local Government Pension Scheme requirements and exists solely to pay or fund employee benefits, or (b) held by an entity (a fund) that is legally separate from the reporting authority and exists solely to pay or fund employee benefits; and (c) are available to be used only to pay or fund employee benefits, are not available to the reporting authority's own creditors (even in bankruptcy), and cannot be returned to the reporting authority, unless either: (i) the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting authority; or (ii) the assets are returned to the reporting authority to reimburse it for employee benefits already paid.
associate	An entity over which an investor (i.e. a reporting authority) has significant influence.
authorised for issue (date)	For unaudited accounts - the date on which the responsible financial officer (RFO) certifies that the accounts give a true and fair view of the authority's financial position and financial performance in advance of approval. For audited accounts - the date the responsible financial officer (RFO) re-certifies the financial statements before the committee, authority or body approves the financial statements in accordance with the Accounts and Audit Regulations 2015.

available-for-sale financial assets	All non-derivative financial assets that are not classified as (a) loans and receivables or (b) fair value through profit or loss.
benefits payable during employment	a) Short-term employee benefits, such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. b) Benefits earned by current employees but not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service such as long-service leave or jubilee payments and long-term disability benefits.
call accounts	Funds placed with a financial institution without a fixed maturity date and which can be 'called' or withdrawn at any time.
capital expenditure	Expenditure which falls to be capitalised in accordance with proper practices (i.e. the expenditure results in an asset being recognised on the balance sheet) or which otherwise falls to be treated as capital expenditure under regulations or by virtue of a capitalisation direction.
capital receipt	A sum received by the authority in respect of the disposal by it of an interest in a capital asset'. An asset is a capital asset if, at the time of the disposal, expenditure on the acquisition of the asset would be capital expenditure. Capital receipts also include sums to be treated as being a capital receipt under regulations. These include repayment of a loan, grant or other financial assistance, given by an authority if the same loan, grant or advance would qualify as capital expenditure if incurred at the time of the repayment. Capital receipts which, in aggregate do not exceed £10,000 are not treated as a capital receipt. Capital receipts can only be used for one or more of the purposes set out in regulations. For example to finance capital expenditure, to repay the principal of any amount borrowed, to pay a premium charged in relation to any amount owed or to meet the costs of disposal of an interest in non-housing land, provided these do not exceed 4% of the capital receipt arising from the disposal.
capitalisation	Recognising a cost as part of the cost of an asset.
carrying amount	The amount at which an asset is recognised in the balance sheet.
carrying amount (of an intangible asset)	The amount at which an asset is recognised after deducting any accumulated amortisation and accumulated impairment losses.
carrying amount (of PPE)	The amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.
cash	Cash on hand and demand deposits.
cash equivalents	Short-term, highly liquid investments, readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.
cash flows	Inflows and outflows of cash and cash equivalents.
cash-generating assets	Assets held with the primary objective of generating a commercial return.
cash-generating unit	The smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.
change in accounting estimate	An adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not correction of errors.
class of assets	A grouping of assets of a similar nature and use in an authority's operations.
class of financial instrument	Grouping of financial instruments that is appropriate to the nature of the information disclosed and that takes into account the characteristics of those financial instruments.
close members of	Those family members who may be expected to influence, or be influenced by,

the family of an individual	that person in their dealings with the entity and include: • that person's children and spouse or domestic partner • children of that person's spouse or domestic partner, and • dependants of that person or that person's spouse or domestic partner
commencement of the lease term	The date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease (i.e. the recognition of the assets, liabilities, income or expenses resulting from the lease, as appropriate).
community assets	Assets that an authority intends to hold in perpetuity, that have no determinable useful life and which may, in addition, have restrictions on their disposal. Community assets exclude assets accounted for as heritage assets. Examples include parks (excluding archaeological sites); cemeteries and crematoria (land only) and allotments where there are restrictions on alternative uses).
conditions on transferred assets	Stipulations that specify that the future economic benefits or service potential embodied in the asset are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.
constructive obligation	An obligation that derives from an authority's actions where: • by an established pattern of past practice, published policies or a sufficiently specific current statement, the authority has indicated to other parties that it will accept certain responsibilities, and • as a result, the authority has created a valid expectation on the part of those other parties that it will discharge those responsibilities.
contingent asset	A possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the authority.
contingent liability	(a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority, or (b) A present obligation that arises from past events but is not recognised because: a) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or b) the amount of the obligation cannot be measured with sufficient reliability.
component [of an item of PPE]	Part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item.
contingent rent	That portion of the lease payments that is not fixed in amount, but is based on the future amount of a factor that changes other than with the passage of time (e.g. percentage of future sales, amount of future use, future price indices, future market rates of interest).
control of an investee	An investor (i.e. the reporting authority) controls an investee when the reporting authority is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
controlling entity	An entity that has one or more controlled entities.
cost	The amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of acquisition or construction.
cost approach	A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).
costs of disposal	The incremental costs directly attributable to the disposal of an asset excluding finance costs and income tax expense.
costs to sell	The incremental costs directly attributable to the disposal of an asset (or disposal group), excluding finance costs and income tax expense.
credit rating	A standardised assessment - expressed in alphanumeric characters - of the creditworthiness of an entity raising debt capital provided by credit rating agencies to investors and analysts. Ratings also serve as a measure of the risks relating to specific financial instruments.
credit risk	The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

creditors
Financial liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied and have been invoiced or formally agreed with the supplier.

current asset
An asset that is:
a) intended to be sold or used within the normal operating cycle (the normal operating cycle for a local authority shall be assumed to be 12 months);
b) held primarily for the purpose of trading;
c) expected to be realised within 12 months after the reporting date; or
d) cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

current liability
A liability that:
a) is expected to be settled in the normal operating cycle (the normal operating cycle for a local authority shall be assumed to be 12 months)
b) is held primarily for the purpose of trading
c) is due to be settled within 12 months after the reporting period, or
d) the authority does not have an unconditional right to defer settlement of for at least 12 months after the reporting period.

currency risk
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

current replacement cost
The cost the authority would incur to acquire the asset on the reporting date.

current service cost
The increase in the present value of a defined benefit obligation resulting from employee service in the current period.

current value (for land and buildings)
The amount that would be exchanged for the asset in its existing use. Current value measurement bases include
- existing use value (EUV) defined in accordance with UKVS 1.3 Royal Institution of Chartered Surveyors (RICS) *Valuation – Professional Standards* (RICS, January 2014, as revised April 2015) for assets providing service potential to the authority where an active market exists, and
- depreciated replacement cost for assets where there is no market and/or the asset is specialised.

debtors
Financial assets not traded in an active market with fixed or determinable payments that are contractual rights to receive cash or cash equivalents.

deficit or surplus of a defined benefit pension scheme
(a) the present value of the defined benefit obligation less
(b) the fair value of plan assets (if any).

defined benefit (pension) plan
A post-employment benefit plan other than a defined contribution plan. Under a defined benefit plan the amounts paid as retirement benefits are determined independently of the investments of the plan by reference to a formula - usually based on an employees' earnings and /or years of service.

Defined benefit plans include both funded schemes such as the Local Government Pension Scheme and unfunded (pay as you go) schemes.

defined contribution plan
A post-employment benefit plan under which an authority pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The level of benefits depends on the value of the contributions paid in respect of each member and the investment performance achieved on those contributions.

demand deposit
Interest bearing bank account not available to be used for cheques or other similar payments. Interest is usually paid at fixed intervals typically quarterly or annually. Normally repayable on demand without penalty although notice period may apply in some circumstances.

depreciable amount
The cost of an asset, or other amount substituted for cost, less residual value.

depreciation (amortisation)
The systematic allocation of the depreciable amount of an asset over its useful life.

depreciated
A method of valuation which provides the current cost of replacing an asset with

replacement cost (DRC) - instant build approach	its modern equivalent asset less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation. The 'instant build' approach excludes from the valuation any allowance for borrowing costs incurred over an assets construction period.
derecognition (of a financial asset or liability)	The removal of a previously recognised financial asset or financial liability from an authority' Balance Sheet.
derivative	A financial instrument or other contract within the scope of [IAS 39] with all three of the following characteristics: (a) Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the "underlying"); (b) It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and (c) It is settled at a future date.
discontinued operation	An activity of an authority that ceases completely. Responsibilities transferred from one part of the public sector to another are not discontinued operations.
discretionary benefits	Retirement benefits which the employer has no legal, contractual or constructive obligation to award and are awarded under the authority's discretionary powers.
disposal group	A group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.
donated assets	Assets (including heritage assets) transferred at nil value or acquired at less than fair value.
earmarked reserves	Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish provisions.
economic life	Either: (a) the period over which an asset is expected to yield economic benefits or service potential to one or more users; or (b) the number of production or similar units expected to be obtained from the asset by one or more users.
effective interest method	A method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.
effective interest rate	The interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.
employee benefits	All forms of consideration given by an authority in exchange for service rendered by employees or for the termination of employment.
entry price	The price paid to acquire an asset or received to assume a liability in an exchange transaction.
equity instrument	A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.
equity method	A method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The reporting authority's Surplus or Deficit on the Provision of Services includes its share of the investee's profit or loss and the reporting authority's Other Comprehensive Income and Expenditure includes its share of the investee's Other Comprehensive Income and Expenditure.
events after the reporting date	Those events, both favourable and unfavourable that occur between the end of the reporting period and the date when the financial statements are authorised for issue. They include: a) those events that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period), and

	b) those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).
exchange transactions	Transactions in which one entity receives assets or services, or has liabilities extinguished and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.
executory contracts	Contracts under which neither party has performed any of its obligations or both parties have partially performed their obligations to an equal extent.
existing use value	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost.
exit price	The price that would be received to sell an asset or paid to transfer a liability.
expenses	Decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or increases of liabilities that result in decreases in reserves. Expenses include expenses that arise in the course of the ordinary activities and losses such as revaluation of non-current assets.
fair value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
fair value less costs to sell	The amount obtainable from the sale of an asset (or cash-generating unit) in an arm's length transaction between knowledgeable, willing parties, less costs of disposal.
finance lease	A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.
financial asset	A right to future economic benefits controlled by the authority that is represented by: • cash • an equity instrument of another entity • a contractual right to receive cash (or another financial asset) from another entity • a contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the authority.
financial asset or financial liability at fair value through profit or loss	A financial asset or financial liability that is: a) acquired or incurred principally for the purpose of selling or repurchasing it in the near term b) on initial recognition part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or c) a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).
financial guarantee contract	A contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.
financial instrument	Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives.
financial liability	An obligation to transfer economic benefits controlled by the authority that is represented by: • a contractual obligation to deliver cash (or another financial asset) to another entity • contractual obligation to exchange financial assets/liabilities with another

	entity under conditions that are potentially unfavourable to the authority.
financing activities	Activities that result in changes in the size and composition of the principal, received from or repaid to external providers of finance.
future economic benefit or service potential	Economic benefits refer to the potential to contribute directly or indirectly to the flow of cash and cash equivalents to an entity. Service potential indicates the capacity of an asset to provide goods and services in accordance with an entity's objectives, without necessarily generating any net in-flows of cash and cash equivalents.
gilts	UK government securities issued by HM Treasury
going concern assumption	The assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption of going concern.
grants and contributions	Assistance in the form of transfers of resources to an authority in return for past or future compliance with certain conditions relating to the operation of activities. They exclude those forms of assistance which cannot reasonably have a value placed upon them and transactions with organisations which cannot be distinguished from the normal service transactions of the authority.
gross investment in the lease	The aggregate of: (a) the minimum lease payments receivable by the lessor under a finance lease; and (b) any unguaranteed residual value accruing to the lessor.
group	A parent and all its subsidiaries.
group accounts	The financial statements of a group in which the assets, liabilities, reserves, income, expenses and cash flows of the parent (reporting authority) and its subsidiaries plus the investments in associates and interests in joint ventures are presented as those of a single economic entity.
government	Central government, government agencies and similar bodies whether local, national or international.
government-related entity	An entity that is controlled, jointly controlled or significantly influenced by a government.
guaranteed residual value	For a lessee, that part of the residual value that is guaranteed by the lessee or by a party related to the lessee (the amount of the guarantee being the maximum amount that could, in any event, become payable); and For a lessor, that part of the residual value that is guaranteed by the lessee, or by a third party unrelated to the lessor, that is financially capable of discharging the obligations under the guarantee.
highest and best use	The use of a non-financial asset by market participants that would maximise the value of the asset or the group of assets and liabilities (e.g. a business) within which the asset would be used.
historical cost (of property, plant and equipment)	The carrying amount of an asset as at 1 April 2007 (i.e. b/f from 31 March 2007) or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).
heritage assets	Assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the reporting authority in pursuit of its overall objectives in relation to the maintenance of heritage. Heritage assets include historical buildings, archaeological sites, military and scientific equipment of historical importance, historic motor vehicles, civic regalia, orders and decorations (medals), museum and gallery collections and works of art.
identifiable (asset)	An asset is identifiable if it either: (a) is separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or (b) arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.
impairment loss	The amount by which the carrying amount of an asset exceeds its recoverable

	amount.
impracticable	Applying a requirement is impracticable when the authority cannot apply it after making every reasonable effort to do so.
inception of the lease	The earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease.
income	See ‘revenue’
income approach	A valuation technique that converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
income from a structured entity	Income that includes but is not limited to, recurring and non-recurring fees, interest, dividends, gains or losses on the remeasurement or derecognition of interests in structured entities and gains or losses from the transfer of assets and liabilities to the structured entity.
infrastructure assets	Inalienable assets, expenditure on which is only recoverable by continued use of the asset created, i.e. there is no prospect of sale or alternative use; examples include highways, structural maintenance of highways, footpaths, bridges, permanent ways, coastal defences, water and drainage systems).
initial direct costs (of a lease)	Incremental costs that are directly attributable to negotiating and arranging a lease, except for such costs incurred by manufacturer or trader lessors.
inputs	The assumptions that market participants would use when pricing the asset or liability, including assumptions about risk, such as the following: a) the risk inherent in a particular valuation technique used to measure fair value (such as a pricing model), and b) the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable.
input tax	VAT charged on purchases.
intangible asset	An identifiable non-monetary asset without physical substance. It must be controlled by the authority as a result of past events, and future economic benefits or service potential must be expected to flow from the intangible asset to the authority. The most common class of intangible asset in local authorities is computer software.
intangible heritage asset	An intangible asset with cultural, environmental or historical significance. Examples of intangible heritage assets include recordings of significant historical events.
interest in another entity	Contractual and non-contractual involvement that exposes a reporting authority to variability of returns from the performance of the other entity. An interest in another entity can be evidenced by, but is not limited to, the holding of equity or debt instruments as well as other forms of involvement such as the provision of funding, liquidity support, credit enhancement and guarantees. It includes the means by which an entity has control or joint control of, or significant influence over, another entity. A reporting authority does not necessarily have an interest in another entity solely because of a typical customer–supplier relationship.
interest rate implicit in the lease	The discount rate that, at the inception of the lease, causes the aggregate present value of: (a) the minimum lease payments; and (b) the unguaranteed residual value to be equal to the sum of (i) the fair value of the leased asset, and (ii) any initial direct costs of the lessor.
interest rate risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
inventories	Assets: a) in the form of materials or supplies to be consumed in the production process b) in the form of materials or supplies to be consumed or distributed in the rendering of services c) held for sale or distribution in the ordinary course of operations, or d) in the process of production for sale or distribution.
investing activities	Activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

investment property	Property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both, rather than for: a) use in the production or supply of goods or services or for administrative purposes, or b) sale in the ordinary course of operations.
joint arrangement	An arrangement of which two or more parties have joint control.
joint control	The contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.
joint operation	A joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.
joint operator	A party to a joint operation that has joint control of that joint operation.
joint venture	A joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.
joint venturer	A party to a joint venture that has joint control of that joint venture.
key management personnel	All chief officers (or equivalent), elected members, chief executive of the authority and other persons having the authority and responsibility for planning, directing and controlling the activities of the authority, including the oversight of these activities.
lease	An agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.
lease term	The non-cancellable period for which the lessee has contracted to lease the asset, together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonably certain that the lessee will exercise the option
legal obligation	An obligation that derives from a contract (through its explicit or implicit terms); legislation, or other operation of law.
lessee's incremental borrowing rate of interest	The rate of interest the lessee would have to pay on a similar lease or, if that is not determinable, the rate that, at the inception of the lease, the lessee would incur to borrow over a similar term, and with a similar security, the funds necessary to purchase the asset.
level 1 inputs	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
level 2 inputs	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
level 3 inputs	Unobservable inputs for the asset or liability.
liabilities	Present obligations of the authority arising from past events, the settlement of which is expected to result in an outflow from the authority of resources embodying economic benefits or service potential.
liquidity risk	The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.
loans and receivables	Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those a) that the authority intends to sell immediately or in the near term, (and classified as fair value through profit or loss), or b) for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration (and classified as available-for-sale).
loans payable	Financial liabilities, other than short-term trade payables on normal credit terms.
market approach	A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.
market participants	Buyers and sellers in the principal (or most advantageous) market for the asset or liability that have all of the following characteristics: a) They are independent of each other, i.e. they are not related parties as defined in IAS 24, although the price in a related party transaction may be

used as an input to a fair value measurement if the entity has evidence that the transaction was entered into at market terms.

b) They are knowledgeable, having a reasonable understanding about the asset or liability and the transaction using all available information, including information that might be obtained through due diligence efforts that are usual and customary.

c) They are able to enter into a transaction for the asset or liability.

d) They are willing to enter into a transaction for the asset or liability, i.e. they are motivated but not forced or otherwise compelled to do so.

market risk
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

material
Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

minimum lease payments
The payments over the lease term that the lessee is, or can be, required to make, excluding contingent rent, costs for services and, where appropriate, taxes to be paid by and reimbursed to the lessor, together with:

(a) for a lessee, any amounts guaranteed by the lessee or by a party related to the lessee; or

(b) for a lessor, any residual value guaranteed to the lessor by:(i) the lessee; (ii) a party related to the lessee; or (iii) a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.

However, if the lessee has an option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised, the minimum lease payments comprise the minimum payments payable over the lease term to the expected date of exercise of this purchase option and the payment required to exercise it.

minimum revenue provision (MRP)
The minimum amount that must be set aside from the General Fund to meet the capital cost of expenditure funded by borrowing or credit arrangements, that is capital expenditure not financed from grants, revenue contributions or capital receipts.

minority interest
The equity in a subsidiary not attributable, directly or indirectly, to a parent.

money market fund
A regulated, stand-alone pooled investment vehicle which actively invests its assets in a diversified portfolio of mainly high grade, short-term money market instruments such as bank deposits, certificates of deposit and commercial paper. Money market funds may also hold other types of securities such as floating rate notes and fixed rate bonds which have only a short time until their maturity.

most advantageous market
The market that maximises the amount that would be received to sell the asset or minimises the amount that would be paid to transfer the liability, after taking into account transaction costs and transport costs.

multi-employer plans
Defined contribution plans (other than state plans) or defined benefit plans (other than state plans) that:

a) pool the assets contributed by various entities that are not under common control, and

b) use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

net book value
See ‘carrying amount’

net defined benefit liability (asset)
The deficit or surplus, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

net interest on the net defined benefit liability (asset)
The change during the period in the net defined benefit liability (asset) that arises from the passage of time.

net investment in the lease
The gross investment in the lease discounted at the interest rate implicit in the lease.

net realisable value (of inventories)	The estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.
non-cancellable lease	A lease that is cancellable only: (a) upon the occurrence of some remote contingency; (b) with the permission of the lessor; (c) if the lessee enters into a new lease for the same or an equivalent asset with the same lessor; or (d) upon payment by the lessee of such an additional amount that, at inception of the lease, continuation of the lease is reasonably certain.
non-cash generating assets	Assets other than cash-generating assets.
non-current assets held for sale	Non-current assets whose carrying amount will be recovered principally through a sale transaction rather than through continued use.
non-current asset	An asset that does not meet the definition of a current asset. Non-current asset include those assets – such as property, plant and equipment - that provide benefits to the authority for a period of more than one year.
non-exchange transactions	Transactions that are not exchange transactions. In a non- exchange transaction, an authority either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange directly receiving approximately equal value in exchange.
non-operational assets	Assets held but not occupied, used or consumed in the production or supply of goods and services, for rental to others, or for administrative purposes. Non-operational assets include surplus assets and assets under construction.
non-performance risk	The risk that an entity will not fulfil an obligation. Non-performance risk includes, but may not be limited to, the entity’s own credit risk.
non-specified investments	Investments not meeting the definition of ‘specified investments’.
notes	Notes contain information in addition to that presented in the Comprehensive Income and Expenditure, Movement in Reserves Statement, Statement, Balance Sheet and Cash Flow Statement. Notes provide narrative descriptions or disaggregations of items presented in those statements and information about items that do not qualify for recognition in those statements.
obligating event	An event that creates a legal or constructive obligation that results in an authority having no realistic alternative to settling that obligation.
observable inputs	Inputs that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability.
onerous contract	A contract for the exchange of assets or services in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits or service potential expected to be received under it.
operating activities	The activities of the authority that are not investing or financing activities.
operational assets	Assets occupied, used or consumed in the production or supply of goods and services for which it has either a statutory or discretionary responsibility, for rental to others, or for administrative purposes
operating lease	A lease other than a finance lease.
operating segment	An operating segment is a component of an authority that engages in activities and whose operating results are reviewed regularly as part of internal management reporting for the purpose of (a) evaluating the authority’s past performance in achieving its objectives and (b) making decisions about the future allocation of resources.
orderly transaction	A transaction that assumes exposure to the market for a period before the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities; it is not a forced transaction (e.g. a forced liquidation or distress sale).
other comprehensive	Items of expense and income (including reclassification adjustments) that are not recognised in the Surplus or Deficit on the Provision of Services as required or

income and expenditure	permitted by the Code. Examples include changes in revaluation surplus; actuarial gains and losses on defined benefit plans and gains and losses on remeasuring available-for-sale financial assets.
other long-term employee benefits	Employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.
other price risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
output tax	VAT charged on sales.
oversight	The supervision of the activities of an authority, with the authority and responsibility to control, or exercise significant influence over, the financial and operating decisions of the authority.
owner-occupied property	Property held (by the owner or by the lessee under a finance lease) for use in the delivery of services or production of goods or for administrative purposes.
parent	An entity (i.e. reporting authority) that has one or more subsidiaries.
party to a joint arrangement	An entity that participates in a joint arrangement, regardless of whether that entity has joint control of the arrangement.
past due	A financial asset is past due when a counterparty has failed to make a payment when contractually due.
past service cost	The change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the authority in the number of employees covered by a plan).
payments in advance/prepayment	An asset in respect of payments made for goods or services that have not yet been received or supplied.
plan assets	a) assets held by a long-term employee benefit fund, and b) qualifying insurance policies.
post-employment benefit plans	Formal or informal arrangements under which an authority provides post-employment benefits for one or more employees.
post-employment benefits	Employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment. Post-employment benefits cover not only pensions but also other benefits payable post-employment such as life insurance and medical care.
power	Existing rights that give the current ability to direct the relevant activities.
present value of a defined benefit obligation	The present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.
principal market	The market with the greatest volume and level of activity for the asset or liability.
prior period errors	Omissions from, and misstatements in, the authority's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that: a) was available when financial statements for those periods were authorised for issue, and b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.
probable	More likely than not
projected unit method	Actuarial valuation method used to determine the present value of defined benefit pension fund liabilities and service cost. The Projected Unit Credit Method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.
proper (accounting) practices (as defined	Accounting practices contained in (a)'The Code of Practice on Local Authority Accounting in the United Kingdom' published by CIPFA, as amended or reissued

by regulations)	from time to time; and (b) The 'Service Reporting Code of Practice for Local Authorities' published by CIPFA, as amended or reissued from time to time.
property, plant and equipment	Tangible assets (i.e. assets with physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period.
prospective application	Prospective application of a change in accounting policy and of recognising the effect of a change in an accounting estimate, respectively, are: a) applying the new accounting policy to transactions, other events and conditions occurring after the date as at which the policy is changed, and b) Recognising the effect of the change in the accounting estimate in the current and future periods affected by the change.
protective rights	Rights designed to protect the interest of the party holding those rights without giving that party power over the entity to which those rights relate
provision	A liability of uncertain timing or amount.
PWLB	Statutory body operating within the United Kingdom Debt Management office, an Executive Agency of HM Treasury. PWLB's whose function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, and to collect the repayments.
qualified valuer	A person conducting the valuations who holds a recognised and relevant professional qualification and having sufficient current local and national knowledge of the particular market, and the skills and understanding to undertake the valuation competently.
quoted in an active market	A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transaction on an arm's-length basis.
receipts in advance	A liability relating to resources received but in respect of which the relevant revenue recognition criteria have not been met.
reclassification adjustments	Amounts reclassified to Surplus or Deficit on the Provision of Services in the current period that were recognised in Other Comprehensive Income and Expenditure in the current or previous periods.
recoverable amount (of an asset)	The higher of fair value less costs to sell (i.e. net selling price) and its value in use.
related party	A person or entity that is related to the entity that is preparing its financial statements (the 'reporting entity'). (a) A person or a close member of that person's family is related to a reporting entity if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to a reporting entity if any of the following conditions apply: (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others). (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member). (iii) Both entities are joint ventures of the same third party (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent

of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Council.

related party transaction A transfer of resources or obligations between related parties, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the authority or the government of which it forms part.

Examples of related party transactions include sales, transfers and exchanges of non-current assets, leases, guarantees, the provision of goods and services, secondment of staff and the making of loans and investments.

relevant activities, Activities of the investee that significantly affect the investee's returns.

remeasurements of the net defined benefit liability (asset) Remeasurements comprise:

(a) actuarial gains and losses;

(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

remuneration of key management personnel Any consideration or benefit derived directly or indirectly by key management personnel from the authority for services provided in their capacity as elected members or otherwise as employees of the authority.

It includes all amounts paid to or receivable by a person, and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash.

reporting date The date of the last day of the reporting period to which the financial statements relate.

reserves The residual interest in the assets of the authority after deducting all its liabilities. They include usable reserves (i.e. those that an authority may use to provide services either by incurring expenses or undertaking capital investment) and unusable reserves (those that an authority is not able to utilise to provide services). This includes reserves that hold unrealised gains and losses and those that hold timing differences shown in the movement in reserves statement line on adjustments between the accounting basis and funding basis.

residual value (of an asset) The estimated amount that an authority would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

restrictions on transferred assets Stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential are required to be returned to the transferor if not deployed as specified.

restructuring A programme that is planned and controlled by management, and materially changes either:

(i) the scope of an authority's activities, or

(ii) the manner in which those activities are carried out.

retrospective application Applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied.

retrospective restatement Correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior period error had never occurred.

return on plan assets Interest, dividends and other income derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less:

(a) any costs of managing plan assets; and

(b) any tax payable by the plan itself, other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

revenue (income) The gross inflow of economic benefits or service potential during the reporting period when those inflows or enhancements of assets or decreases of liabilities result in an increase in reserves. Income includes both revenue arising in the course of ordinary activities and gains such as the revaluation of non-current

	assets.
revenue expenditure	Expenditure on day-to-day items including the running of services, such as staffing and office costs, as opposed to capital expenditure.
revenue expenditure funded from capital under statute (REFCUS)	Expenditure that is not permitted to be capitalised (as a non-current asset) under proper practices but which is deemed to be capital under regulations or capitalisation direction to classified as capital for funding purposes. Examples include: • capital grants and financial assistance to third parties towards expenditure which would, if incurred by the authority, be capital expenditure; • expenditure incurred on works to any land or building in which the local authority does not have an interest, which would be capital expenditure if the local authority had an interest in that land or building).
senior employee	An employee: • whose salary is £150,000 or more per year, or • whose salary is £50,000 or more per year (to be calculated pro rata for an employee employed for fewer than the usual full time hours for the relevant authority concerned) (and who is either : (a) the designated head of paid service , a statutory chief officer or a non-statutory chief officer of a body, as defined by the Local Government and Housing Act 1989; (b) the head of staff for a body which does not have a designated head of paid service ; or (c) any person having responsibility for the management of the body to the extent that the person has power to direct or control the major activities of the body during the year (in particular activities involving the expenditure of money), whether solely or collectively with other persons.
separate financial statements (single entity financial statements)	Financial statements presented by a parent (i.e. a reporting authority with control of a subsidiary), or an investor with joint control of, or significant influence over, an investee, in which the investments are accounted for at cost or in accordance with chapter seven of the Code (Financial Instruments). In the context of the Code, an authority’s single entity financial statements are deemed to be separate financial statements.
separate vehicle	A separately identifiable financial structure, including separate legal entities or entities recognised by statute, regardless of whether those entities have a legal personality.
service cost (of a defined benefit obligation)	Service cost comprises current service cost, past service cost and any gain or loss on settlement.
settlement (of a defined benefit obligation)	A transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.
short-term employee benefits	Employee benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits include: a) wages, salaries and social security contributions b) paid annual leave and paid sick leave c) profit-sharing and bonuses d) non-monetary benefits.
short-term paid absences	Periods during which an employee does not provide services to the employer, but benefits continue to be paid Paid absences may be accumulating or non-accumulating. Accumulating absences are those that are carried forward and can be used in future periods if the current period entitlement is not used in full. In local authorities, annual leave, flexitime and time in lieu would usually be accumulating. Accumulating absences may be either vesting or non-vesting. Where vesting, employees who leave are entitled to a cash payment in respect of any unused entitlement; where non-vesting, benefits lapse if an employee leaves before the vesting date.

single entity financial statements	Those statements presented by a parent (i.e. a reporting authority with control of a subsidiary) or an investor with joint control of, or significant influence over, an investee, in which the investments are accounted for at cost or in accordance with chapter seven of the Code.
significant influence	The power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Significant influence may be gained by share ownership, statute or agreement.
soft loan	A loan at nil or below prevailing interest rates
specified investment	An investment that is: (a) denominated in sterling with any payments or repayments payable only in sterling; (b) not a long-term investment (i.e. repayable after more than 12 months) (c) not defined as capital expenditure under regulations (d) made with a body or in an investment scheme of high credit quality or with one of the following public-sector bodies: (i) the United Kingdom Government (ii) a local authority in England or Wales or a similar body in Scotland or Northern Ireland (iii) a parish council or community council.
stipulations on transferred assets	Terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting authority.
structured entity	An entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.
subsidiary	An entity, including an unincorporated entity such as a partnership that is controlled by another entity (known as the parent).
surplus or deficit on the provision of services	The total of income less expenses, excluding the components of Other Comprehensive Income and Expenditure.
tangible heritage asset	A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.
term deposits (time deposits)	A type of interest-bearing account for a fixed period of time - ranging from overnight to 5 years - and from which the depositor cannot withdraw funds before the maturity date without incurring a penalty. Time deposits typically pay a fixed rate of interest payable on maturity although longer sated deposits may make interim interest payments.
termination benefits	Employee benefits payable as a result of either: a) an employer’s decision to terminate an employee’s employment before the normal retirement date, or b) an employee’s decision to accept an offer of benefits in exchange for the termination of employment (e.g. voluntary redundancy). They are often lump-sum payments, but also include enhancement of retirement benefits; and salary until the end of a specified notice period if the employee renders no further service that provides economic benefits to the authority.
total comprehensive income and expenditure	All components of Surplus or Deficit on the Provision of Services and of Other Comprehensive Income and Expenditure.
trade payables	Liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier but for which payment has not been made by the end of that accounting period.
trade receivables	Amounts owed by customers (individuals or corporations) for goods or services that have been delivered or supplied , and have been invoiced or formally agreed with the customer but not yet paid for.
trading operations	Services provided: • in a ‘competitive environment’ - i.e. the user has discretion to use an

	alternative provider, • to users (internal and external) on a basis other than a straightforward recharge of cost, such as a quoted price or a schedule of rates or a combination of these.
transaction costs	The costs to sell an asset or transfer a liability in the principal (or most advantageous) market for the asset or liability that are directly attributable to the disposal of the asset or the transfer of the liability and meet both of the following criteria: (a) they result directly from and are essential to that transaction. (b) they would not have been incurred by the entity had the decision to sell the asset or transfer the liability not been made (similar to costs to sell, as defined in IFRS 5).
transaction costs financial instruments)	Incremental costs directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument
transfers	Inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.
transfer of a function to or from a local authority	A transfer of an identifiable service or business operation with an integrated set of activities, staff and recognised assets and/or liabilities that are capable of being conducted and managed to achieve the objectives of that service or business operation.
transport costs	The costs that would be incurred to transport an asset from its current location to its principal (or most advantageous) market.
unearned finance income	The difference between: (a) the gross investment in the lease; and (b) the net investment in the lease.
unguaranteed residual value	That portion of the residual value of the leased asset, the realisation of which by the lessor is not assured or is guaranteed solely by a party related to the lessor.
unit of account	The level at which an asset or a liability is aggregated or disaggregated in an IFRS for recognition purposes.
unobservable inputs	Inputs for which market data are not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.
useful life (of a lease)	The estimated remaining period, from the commencement of the lease term, without limitation by the lease term, over which the economic benefits or service potential embodied in the asset are expected to be consumed by the entity.
useful life	The period of time over which an asset is expected to be available for use by an authority.
value in use of a cash-generating asset	The present value of the future cash flows expected to be derived from an asset.
value in use of a non-cash generating asset	The present value of the asset's remaining service potential. This is assumed to be at least equal to the cost of replacing that service potential.
VAT	An indirect tax levied on most business transactions and on many goods and some services.
vested employee benefits	Employee benefits, the rights to which are, not conditional on future employment.

ABBREVIATIONS

AVC Additional Voluntary Contribution

BMW Biodegradable Municipal Waste

CAA Capital Adjustment Account

CFO Chief Finance Officer

CFR Capital Financing Requirement

CIES Comprehensive Income and Expenditure Statement

CIFPA The Chartered Institute of Public Finance and Accountancy

CPI Consumer Prices Index

DECC Department of Energy and Climate Change

DCLG Department for Communities and Local Government

DEFRA Department for Environment, Foods and Rural Affairs

DRC Depreciated Replacement Cost

DWP Department of Work and Pensions

EIR Effective Interest Rate

EUV Existing Use Value

FRICS Fellow of Royal Institution of Chartered Surveyors

HMRC Her Majesty's Revenue and Customs

IAS International Accounting Standard

IB-DRC Instant Build Depreciated Replacement Cost

IFRIC International Financial Reporting Interpretations Committee

IFRS International Financial Reporting Standard

LABGI Local Authority Business Growth Incentive

LASAAC Local Authority (Scotland) Accounts Advisory Committee

LATS Landfill Allowance Trading Scheme

LGA 2003 Local Government Act 2003

LGPS Local Government Pension Scheme

LSP Local Strategic Partnership

MiRS Movement in Reserves Statement

MMI Municipal Mutual Insurance

MRICS Member of the Royal Institution of Chartered Surveyors

MRP Minimum Revenue Provision

NBV Net Book Value

NDC Non-distributed Costs

NDR Non-Domestic Rates (Business Rates)

NHS National Health Service

NNDR National Non-Domestic Rates

OEIC Open Ended Investment Company

PFI Private Finance Initiative

PPE Property, Plant and Equipment

PPP Public Private Partnership

PWLB Public Works Loan Board

REFCUS Revenue Expenditure Funded from Capital under Statute

RFO Responsible Finance Officer

RICS Royal Institution of Chartered Surveyors

RPI Retail Prices Index

RSG Revenue Support Grant

RSL Registered Social Landlord

RTB Right to Buy

SeRCOP Service Reporting Code of Practice

SI Statutory Instrument

SIP Statement of Investment Principles

SOLACE The Society of Local Authority Chief Executives and Senior Managers

TMPs Treasury Management Practices

UEL Useful Economic Life

VAT Value Added Tax

VOA Valuation Office Agency