

	Local Government Pension Scheme £,000		Discretionary Benefits Arrangements £,000	
	2014-15	2013-14	2014-15	2013-14
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
Return on scheme assets (excluding the amount included in the net interest expense)	(5,858)	(2,659)	0	0
Actuarial gains and losses arising on changes in demographic assumptions	0	(2,368)	0	0
Actuarial gains and losses arising on changes in financial assumptions	18,884	5,376	0	0
Other	(1,496)	358	0	0
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	11,530	707	0	0

	Local Government Pension Scheme £,000		Discretionary Benefits Arrangements £,000	
	2014-15	2013-14	2014-15	2013-14
Movement in Reserves Statement				
Reversal of net charges made to the surplus or deficit on the Provision of Services for post-employment benefits in accordance with the Code	(4,966)	(4,676)	(118)	(29)
Actual amount charged against the General Fund Balance for pensions in the year:	2,807	2,399	84	122
Employers' contributions payable to scheme Retirement benefits payable to pensioners	(2,159)	(2,277)	(34)	93

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is as follows:

	Local Government Pension Scheme £,000		Discretionary Benefits Arrangements £,000	
	2014-15	2013-14	2014-15	2013-14
Present value of the defined benefit obligation	(146,612)	(123,835)	(1,734)	(2,022)
Fair value of scheme assets	86,499	77,615	0	0
Sub-total	(60,113)	(46,220)	(1,734)	(2,022)
Other movements in the liability (asset):				
Less capital contribution to early retirement included in scheme assets	(14)	(29)	0	0
Liability for cost of early retirement shown separately under creditors in the balance sheet	12	26	0	0
Net liability arising from the defined benefit obligation	(60,115)	(46,223)	(1,734)	(2,022)

Reconciliation of the Movements in the Fair Value of Scheme Assets

	Local Government Pension Scheme £,000		Discretionary Benefits Arrangements £,000	
	2014-15	2013-14	2014-15	2013-14
Opening fair value of scheme assets	77,615	72,408	0	0
Interest income	3,329	3,241	0	0
Remeasurement gain/(loss):				
The return on scheme assets, excluding the amount included in the net interest expense	5,858	2,659	0	0
The effect of changes in foreign exchange rates				
Contributions from employer	2,925	2,428	0	0
Contributions from employees into the scheme	707	705	0	0
Benefits paid	(3,935)	(3,826)	(84)	(122)
Contributions in respect of unfunded benefits	0	0	84	122
Closing fair value of scheme assets	86,499	77,615	0	0

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

	Funded Liabilities: Local Government Pension Scheme £,000		Unfunded Liabilities: Discretionary Benefits £,000	
	2014-15	2013-14	2014-15	2013-14
Opening balance at 1 April	(123,835)	(115,725)	(2,022)	(2,069)
Current Service cost:	(2,893)	(2,633)	0	0
Interest cost	(5,402)	(5,284)	0	0
Contributions from scheme participants	(707)	(705)	0	0
Remeasurement (gains) and losses:				
Actuarial gains/losses arising from demographic assumptions	0	2,368	0	0
Actuarial gains/losses arising from changes in financial assumptions	(18,884)	(5,376)	0	0
Other	1,174	(306)	322	(46)
Past service cost:				
Losses/(gains) on curtailment	0	0	(118)	(29)
Benefits paid	3,935	3,826	84	122
Closing balance at 31 March	(146,612)	(123,835)	(1,734)	(2,022)

Local Government Pension Scheme Assets comprised:

	Fair value of scheme assets	
	2014-15 %	2013-14 %
Equity instruments		
Equity Securities	36%	40%
Private equity	7%	6%
Investment funds and Unit Trusts	54%	53%
Sub-total equity instruments	97%	99%
Cash and cash equivalents	3%	1%
	100%	100%

		Fair value of scheme assets	
		2014-15	2013-14
		£,000	£,000
1	Cash and cash equivalents	2,592.0	1,034.8
1 & 2	Equity securities (by industry type):		
	Consumer	8,567.1	6,777.0
	Manufacturing	5,302.9	6,405.2
	Energy and Utilities	2,437.0	2,750.5
	Financial Institutions	7,074.3	7,830.1
	Health and care	4,211.3	2,288.3
	Information Technology	3,910.9	4,641.2
	Other	0.0	215.5
	Sub-total equity	31,503.5	30,907.8
	Private equity:		
3	All (UK & Overseas)	6,132.6	4,617.0
	Sub-total private equity	6,132.6	4,617.0
3	Investment funds and Unit Trusts		
	Equities	26,646.8	24,956.5
	Bonds	13,188.7	11,830.9
	Other	6,435.4	4,268.2
	Sub-total other investment funds	46,270.9	41,055.6
Total assets		86,499.0	77,615.2

Basis for Estimating Assets and 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 the assumptions about mortality rates, salary levels etc.

Both the Local Government pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the fund being based on the latest full valuation of the scheme as at 31 March 2013.

The significant assumptions used by the actuary have been:

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant rate as possible. A strategy has been agreed with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2016.

The scheme will need to take account of the national changes to the scheme under the Public pensions Services Act 2013. Under the Act, the local Government pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The estimated contributions by the employer in 2015-16 are £3,055,000. In addition, the employer has contributed approximately £198,370 in 2014-15 to an internal reserve.

22 Events after the Balance Sheet Date

The un-audited Statement of Accounts were authorised for issue by the Executive Director – Corporate Services on 26 June 2015 and the audited accounts were authorised for issue on 25 September 2015. There are no post balance sheet events.

23 Related Parties

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

Central Government is responsible for providing the statutory framework within which the Council operates and provides the majority of its funding in the form of grants and prescribes the terms of many transactions that the Council has with other parties, for example Collection Fund surplus or deficit. Details of transactions with government departments and Precepting authorities are set out in Note 34 and the Collection Fund Statement.

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2014-15 is shown in Note 18.

In 2014-15, South Cambs Limited trading as Ermine Street Housing began trading. The company is wholly owned by the Council, transactions between this organisation and the Council are accounted within the Council's group accounts, beginning on page 91.

In 2014-15, there were no reported material related party transactions that are not disclosed elsewhere in the accounts.

24 Leases

There were no finance lease agreements during 2014-15.

The Council has no operating leases. Payments of £858,226 in respect of vehicle contract hire were made in 2014-15 (£1,015,548 in 2013-14).

The future minimum contract hire payments due under non-cancellable agreements in future years are:

	2014-15	2013-14
	£,000	£,000
Not later than one year	694	758
Later than one year and not later than five years	630	1,285
	1,324	2,043

25 Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licences and software.

All software is given a finite useful life based on assessments of the period that the software is expected to be of use to the Authority and is reviewed annually, the useful lives assigned to the software used by the Authority are:

Cash Receipting System	5 years
Financial Management System	5 years
Corporate DIP System	5 years
Other	up to 5 years

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £98,563 charged to revenue in 2014-15 was charged to the IT administration cost centre and then absorbed as an overhead across all the service headings in the net expenditure of services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

	Intangible Assets 2014-15 £,000	Intangible Assets 2013-14 £,000
Balance at start of year		
Gross carrying amount	650	574
accumulated amortisation	(366)	(266)
Net carrying amount at start of year	284	308
Additions		
Purchases	68	76
Amortisation for the period	(98)	(100)
Net carrying amount at end of year	254	284
Comprising:		
Gross carrying amounts	718	650
Accumulated depreciation	(464)	(366)
	254	284

26 Impairment Losses

Impairment is first charged to the Revaluation Reserve where an existing credit is available, the balance being recognised and charged to the surplus or deficit on the provision of services. Revaluation impairment incurred during the year and the reversal of prior year impairment previously recognised in the Comprehensive Income and Expenditure Account, is identified below:

	2014-15	2013-14
	£,000	£,000
Council dwellings		
Impairment	2,340	9,180
Charge to Revaluation Reserve	(392)	(6,958)
Reversal	(20,729)	(10,276)
Other Land and Buildings		
Impairment	309	122
Charge to Revaluation Reserve	(114)	(46)
Reversal	(709)	(562)
Infrastructure		
Impairment	102	120
Heritage Assets		
Impairment	0	625
Charge to Revaluation Reserve	0	(625)
Surplus assets held for sale		
Reversal	(322)	0
Surplus assets not held for sale		
Impairment	0	6
Charge to Revaluation Reserve	0	(6)
Reversal	(19)	(19)

27 Property, Plant and Equipment, Surplus assets held for sale and Heritage Assets

Depreciation starting in the year after acquisition is provided for on non-current assets by writing down the cost (or re-valued amount) less estimated residual value, on a straight-line basis to the appropriate revenue account over the following periods:

Council dwellings – 15/51 years,

Buildings other than dwellings – 9/40 years,

Vehicles, plant and equipment – 3/14 years.

No depreciation is charged on Heritage assets, surplus assets held for sale or freehold land in accordance with standard accounting policies. The depreciation charged on dwelling stock is reversed out at 31 March each year when the housing stock is re-valued so this charge has no impact on the fair value of the housing stock as recorded in the Balance Sheet.

Property, Plant and Equipment for the financial year 2014-15

	Council dwellings £,000	Other land and buildings £,000	Vehicles, Plant and Equipment £,000	Infrastructure assets £,000	Surplus Assets held not for sale £,000	Total Property Plant and Equipment £,000
Cost or valuation						
At 1 April 2014	373,360	22,122	5,988	95	91	401,656
Inter-asset transfer	(129)	129	0	0	0	0
Additions	11,330	347	879	913	388	13,857
Revaluation increases / (decreases) recognised in the Revaluation Reserve	67,285	1,682	0	0	40	69,007
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,948)	(195)	0	(102)	0	(2,245)
Derecognition-disposals	(2,297)	(72)	0	0	0	(2,369)
At March 2015	447,601	24,013	6,867	906	519	479,906
Accumulated Depreciation and impairment						
At 1 April 2014	0	(407)	(3,532)	(79)	0	(4,018)
Depreciation Charge	(10,789)	(333)	(476)	(7)	0	(11,605)
Depreciation written out to the Revaluation Reserve	171	8	0	0	0	179
Depreciation written out to the Surplus/Deficit on the Provision of Services	10,618	333	0	0	0	10,951
Derecognition-disposals	0	0	0	0	0	0
At March 2015	0	(399)	(4,008)	(86)	0	(4,493)
Net Book Value						
At March 2014	373,360	21,715	2,456	16	91	397,638
At March 2015	447,601	23,614	2,859	820	519	475,413

Property, Plant and Equipment for the financial year 2013-14

	Council dwellings £,000	Other land and buildings £,000	Vehicles, Plant and Equipment £,000	Infrastructure assets £,000	Surplus Assets held not for sale £,000	Total Property Plant and Equipment £,000
Cost or valuation						
At 1 April 2013	372,528	21,364	5,431	95	60	399,478
Inter-asset transfer	(57)	57	0	0	0	0
Additions	9,750	249	557	120	0	10,676
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(4,616)	578	0	0	31	(4,007)
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,222)	(76)	0	(120)	0	(2,418)
Derecognition-disposals	(2,023)	(50)	0	0	0	(2,073)
At March 2014	373,360	22,122	5,988	95	91	401,656
Accumulated Depreciation and impairment						
At 1 April 2013	0	(185)	(3,082)	(68)	0	(3,335)
Depreciation Charge	(10,371)	(485)	(450)	(11)	0	(11,317)
Depreciation written out to the Revaluation Reserve	546	4	0	0	0	550
Depreciation written out to the Surplus/Deficit on the Provision of Services	9,825	259	0	0	0	10,084
Derecognition-disposals	0	0	0	0	0	0
At March 2014	0	(407)	(3,532)	(79)	0	(4,018)
Net Book Value						
At March 2013	372,528	21,179	2,349	27	60	396,143
At March 2014	373,360	21,715	2,456	16	91	397,638

Surplus assets held for sale

	Assets held for sale 2014-15 £,000	Assets held for sale 2013-14 £,000
Cost or valuation		
At 1 April	807	1,255
Inter-asset transfer	0	625
Additions	724	1,145
Revaluation increases / (decreases) recognised in the Revaluation Reserve	1,292	(628)
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	0	0
Derecognition-disposals	(2,378)	(1,590)
At March	445	807
Accumulated impairment		
At 1 April	0	0
Impairment losses/ (reversals) recognised in the Revaluation Reserve	0	0
Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0
At March	0	0
Net Book Value		
Opening balance	807	1,255
Closing balance	445	807

Heritage Assets

Heritage assets are those assets that are intended to be held in trust for future generations because of their cultural, environmental or historical associations and include historical buildings, civic regalia and works of art.

Heritage assets held include St Denys' Church, East Hatley which is owned and maintained by the Council and is included in the Council's accounts at insurance valuation, the property has been transferred to assets held for sale, in accordance with the Statement of Accounting Policies. Other heritage assets held include civic regalia, Landbeach Tithe Barn, a woven wall hanging and two vases, these items not considered to be of material value.

	Heritage Assets 2014-15 £,000	Heritage Assets 2013-14 £,000	Heritage Assets 2012-13 £,000	Heritage Assets 2011-12 £,000	Heritage Assets 2010-11 £,000
Valuation					
At 1 April	0	625	625	610	580
Revaluation increases / (decreases) recognised in the Revaluation Reserve	0	0	0	15	30
Transfer to surplus assets held for sale	0	(625)			
At 31 March	0	0	625	625	610
Accumulated impairment					
At 1 April	0	0	0	0	0
Impairment losses/ (reversals) recognised in the Revaluation Reserve	0	0	0	0	0
At 31 March	0	0	0	0	0
Net Book Value					
Opening balance	0	625	625	610	580
Closing balance	0	0	625	625	610

Revaluations

The Council carries out a programme that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years.

Valuations on the bases set out in the statement of accounting policies have been carried out for:

- a) Council dwellings and non-operational assets relating to the Housing Revenue Account as at 31 March 2015 by Mr Paul Gedge, MRICS, District Valuer, East of England; and
- b) Other land and buildings and valued as at 31 March 2015 by Mr Paul Gedge, MRICS, District Valuer, East of England.

The Council is not aware of any events or circumstances which indicate that the amounts stated in the balance sheet for non-current assets may not be realisable, as at the balance sheet date. Council dwellings are valued on the prescribed basis set out in note 38.

An analysis of non-current assets is:

	31 March 2015 (numbers)	31 March 2014 (numbers)
Council dwellings (HRA & GF)	5,412	5,442
Offices/communal rooms	48	46
Depot and workshop (leased)	1	1
Country Park, visitors centre and toilet block (99 year lease granted to Cambridge Sports Lake Trust Ltd at 31 March 2008)	0	0
Car parks:		
Histon and Melbourn - 99 year lease		
Linton - 125 year lease granted in 2010-11		
Sawston - 99 year lease granted in 2009-10	0	0
Land- various sites	30.23 acres	30.23 acres
- Swavesey	1.3 hectares	0

Capital commitments as at 31 March 2015 were £0.334 million on Housing and £0.257 million on General Fund, but these commitments are more than covered by usable housing capital receipts and from earmarked reserves in the General Fund.

28 Capital Expenditure and Capital 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. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

Capital expenditure was financed as follows:

	2014-15 £,000	2013-14 £,000
Opening capital financing requirement	209,060	208,826
Expenditure		
Intangible assets	68	76
Non-current assets	14,581	11,821
Revenue funded from capital under statute (REFCUS)	1,055	1,304
Financing		
Capital Receipts and contributions	(2,517)	(4,397)
Revenue	(5,750)	(2,796)
Grant and Reserves	(1,641)	(784)
Major Repairs Allowance	(5,659)	(5,548)
Minimum Revenue Provision	(201)	(136)
	(64)	(460)
Internal financing from Housing capital receipts	0	694
Closing capital financing requirement	208,996	209,060
Increase/(decrease) in underlying need to borrow	(64)	235

Legislation allows some items to be funded from capital resources that under normal accounting practice would be charged to surplus or deficit on the provision of Services; expenditure for this purpose is shown below.

	2014-15 £,000	2013-14 £,000
Balance as at 1 April	0	0
Improvement Grants	743	775
Other	312	530
Written out	(1,055)	(1,305)
Balance as at 31 March	0	0

29 Inventories

The Council's inventories at 31 March 2015 were £53,139 (£47,069 in 2013-14) comprising primarily refuse and recycling bins and sacks, catering and postage.

30 Short Term Debtors

Debtors	31 March 2015 £,000	31 March 2014 £,000
Government Departments - other	665	675
Government Departments - Business Rates(net)	0	3,774
Council Tax	174	144
Business rates	200	500
Housing Rents	462	430
Cambridgeshire County Council	74	782
Cambridgeshire Fire Authority	0	75
Cambridge City Council	6	70
Sundry Debtors	4,939	1,521
	6,520	7,971
Provision for Doubtful Debts		
Council Tax -District Council share	(65)	(59)
Business Rates- District Council share	(321)	(320)
Housing	(369)	(377)
Sundry Debtors	(1,730)	(1,391)
	(2,485)	(2,147)
Total Debtors	4,035	5,824

The credit risk associated with accounts payable to the Council is reflected in the provisions made in the accounts for doubtful debts the methodology applied being given in Note 35.

31 Short Term Creditors

	31 March 2015 £,000	31 March 2014 £,000
Government Departments - other	(883)	(657)
Government Departments - Business Rates	(1,283)	0
Council Tax	(118)	(110)
Business Rates	(446)	(472)
Housing Rents	(642)	(641)
Cambridgeshire County Council	(1,641)	(617)
Cambridgeshire Police Authority	(188)	(93)
Cambridgeshire Fire Authority	(92)	(33)
Cambridge City Council	(58)	(14)
Sundry Creditors	(5,649)	(4,322)
Developers Contributions	(2,714)	(2,156)
Total Creditors	(13,714)	(9,115)

Developer's contributions

**Developers' contributions are monies received from developers under section 106 of the Town and Country Planning Act 1990 which contribute to the infrastructure costs for drainage and to community arts and development and are detailed below:

	Balance at 31 March 2014 £,000	Movement during year £,000	Balance at 31 March 2015 £,000
Capital			
Commuted Sums	(82)	0	(82)
Partnership works on Awarded Watercourses	(315)	64	(251)
Drainage	(20)	(1)	(21)
Affordable Housing S106	(1,522)	(455)	(1,977)
Revenue			
Sustainability S106 Orchard Park	(69)	15	(54)
Public Art S106 Orchard Park	(50)	0	(50)
Community Development S106	(11)	0	(11)
Electoral Arrangements	(16)	(55)	(71)
Waste Management	(71)	(126)	(197)
	(2,156)	(558)	(2,714)
Capital	(1,939)	(392)	(2,331)
Revenue	(217)	(166)	(383)
	(2,156)	(558)	(2,714)

32 Provisions

Provisions included in the balance sheet consist of provisions for bad and doubtful debts, which have been netted off debtors and Accumulated Compensated Absences of £246,414 as shown in the Balance Sheet and Note 12.

New arrangements for the retention of business rates came into effect on 1 April 2013, at which time the Council assumed liability for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list, which will include amounts that were paid over to central Government in respect of 2012-13 and prior years. A provision for these liabilities of £1.6m has been recognised in the 2014-15 accounts, and the in-year movement is shown in Note 35.

The Council is a defendant in proceedings brought by a group of property search companies for refund of fees paid to the Council to access land charges data. In the current litigation the Council faces a claim of approximately £174,350 including interest and costs; a provision for this amount has been included in the service account.

33 Contingent Liabilities

Contingent liabilities as at the balance sheet date include:

1. The Council has an equity share scheme for the elderly under which Council owns part shares in approximately 295 properties. The terms of the leases include an obligation for the Council to buy back the equity share upon surrender by the tenant or his/her executors. There are also other equity share schemes covering approximately 72 properties where a similar obligation exists. The Council would then look to resell the properties under the equity share schemes so that the in and out transactions would have had an approximately nil financial effect.
2. During 2010-11, 213 properties were transferred from the Housing Revenue Account to the General Fund. Any potential liability relates to the remaining properties in the Housing Revenue Account and cannot be quantified at this time;
3. A group of property search companies have intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be against the Council.

34 Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2014-15.

	2014-15	2013-14
	£,000	£,000
Credited to services		
Department for Work and Pensions Housing Benefit Administration, Discretionary and Fraud	(27,855)	(27,743)
Cabinet Office Electoral registration	(100)	(16)
Department for Environment, Food and Rural Affairs Section 31 Grant	(5)	(7)
Department of Communities and Local Government NNDR Cost of Collection Allowance	(220)	(219)
Council tax /Business Rates	(320)	(49)
Improvement Grant	(257)	(249)
Other grant	(645)	0
Cambridgeshire County Council Other contributions	(21)	(40)
Homes and Communities Agency Growth Agenda/ New Communities	(753)	0
Private Sector S106 contributions	(6)	(26)
Other	(243)	(20)
Contributions from other authorities	(1)	(426)
	(30,426)	(28,795)
Credited to Taxation and Non-specific Grant Income		
Department of Communities and Local Government Revenue Support Grant	(2,608)	(3,426)
New Homes Bonus	(3,201)	(2,666)
Other non-ringfenced Government Grant	(74)	(579)
	(5,883)	(6,671)

35 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Council has the following financial instruments:

- financial liabilities: trade payables and long term borrowing
- financial assets: loans and receivables comprising bank deposits, trade receivables, investments, shares and long term mortgages

The Council has given interest free loans, repayable on the sale/transfer of charged properties, which have not been classified as financial instruments. These loans are included in the balance sheet as long term debtors', the outstanding amount was £324,542 as at 31 March 2015 (£324,542 in 2013-14).

Categories of Financial Instrument

The following categories of financial instrument are carried in the balance sheet:

	Long Term		Current	
	31 March 2015 £,000	31 March 2014 £,000	31 March 2015 £,000	31 March 2014 £,000
Investments				
Loans, shares and receivables	50	2,000	38,678	25,127
Debtors				
Loans and receivables	0	0	5,800	2,300
Borrowings				
Long term borrowing	(205,123)	(205,123)	0	0
Creditors and receipts in advance				
Financial liabilities at amortised cost	0	0	(7,368)	(4,988)
	(205,073)	(203,123)	37,110	22,439

Income, Expense, Gains and Losses

The following items of income, expense, gain or loss are reflected in the comprehensive income and expenditure statement in respect of financial instruments.

	2014-15		2013-14	
	Financial liabilities at amortised cost £,000	Financial Assets, loans & receivables £,000	Financial liabilities at amortised cost £,000	Financial Assets, loans & receivables £,000
Interest expense	7,193	0	7,193	0
Total expense in surplus or deficit on the provision of services	7,193	0	7,193	0
Interest income		(423)	0	(439)
Total income in surplus or deficit on the provision of services	0	(423)	0	(439)

Fair Value of Assets and Liabilities

Financial liabilities and assets are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of cash flows that will take place over the remaining term of the instruments, using the following assumptions.

For trade payables, bank deposits and trade receivables, being of short duration, and for long term mortgages, being at variable rates, the carrying value in the balance sheet is considered approximate to their fair value.

For investments, which are mainly at fixed rates, fair value has not been calculated and the Code has not been complied with in this respect.

Estimated ranges of interest rates at 31 March 2015 of 2.41% to 2.34% (3.36% to 3.37% at 31 March 2014) for loans from the Public Works Loans Board based on premature repayment rates at that date.

Fair value is the amount determined by knowledgeable, willing parties in an arm's length transaction.

The fair values are calculated as follows:

	31 March 2015		31 March 2014	
	Carrying amount £,000	Fair value £,000	Carrying amount £,000	Fair value £,000
Financial liabilities at amortised cost				
Creditors and receipts in advance	(7,368)	(7,368)	(4,988)	(4,988)
Long term borrowing	(205,123)	(266,777)	(205,123)	(209,804)
Loans and receivables				
Current debtors	5,800	5,800	2,300	2,300
Current investments	38,678	38,678	25,127	25,127
Long term investments	50	50	2,000	2,000

The fair value of the liabilities is greater than the carrying amount because the Council's loan portfolio includes fixed rate loans where the interest rate payable is greater than the prevailing rates at the balance sheet date.

The financial risks arising from financial instruments are:

a) Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are only made with banks and financial institutions which are included as counterparties in the Council's Investment Strategy, which regards the successful identification, monitoring and control of risk to be the prime criteria. The Council has a policy of tiered maximum investments with the up-most limit not more than £7.5 million of its surplus balances to any one institution.

With no historical experience of default, the exposure to credit risk on bank deposits and investments is not considered material. The main exposure to credit risk relates to housing rents where a provision for bad debts is made.

Where sums are owed by the Council's customers and contractual debtors the Council makes provision for doubtful debt, detailed in Note 30, based on an assessment of the risks for each type and the age of those debts, the Council does not generally extend credit beyond 21 days.

b) Financial assets that are either past due or impaired

The following analysis summarises the Council's analysis of its potential maximum exposure to credit risk (impairment allowance) in relation to debtors:

Provisions	Business Rates Appeals £,000	Customer Debt £,000	Other debtors £,000	Total £,000
Balance at 1 April	(1,600)	(1,391)	(756)	(3,747)
Additional provisions in 2014-15	(1,343)	(340)	(166)	(1,849)
Amounts used in 2014-15	1,280	1	167	1,448
Balance at 31 March	(1,663)	(1,730)	(755)	(4,148)

The Council does not normally extend credit beyond 21 days. At 31 March 2015, of the total debtor balance of £6.8 million (£7.9 million at 31 March 2014), the past due amount was £0.49 million and can be analysed as follows:

	31 March 2015 £,000	31 March 2014 £,000
Customer Debts		
Less than 3 months	345	1,010
More than 3 months	150	117
Balance at 31 March	495	1,127

c) **Liquidity Risk**

All trade and other payables are due to be paid in less than one year. The PWLB loans have maturities of between 25 and 45 years as detailed in Note 37, interest being paid half yearly, a Repayment Reserve being used to manage the future repayment of principal.

d) **Market Risk**

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments as most investments are at fixed rates. Movement in interest rates can have an impact on the Council's interest receipts from investments; for example, a rise in interest rates would have the following effects:

Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise

Investments at fixed rates – the fair value of the assets will fall (but the carrying amount will not change)

As most investments are at fixed rates, a sensitivity analysis for interest rate changes has not been carried out.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget which is used to update the Council's medium term financial strategy periodically during the year, this allows any adverse changes to be accommodated.

Price risk and foreign exchange risk are not applicable.

36 Nature and extent of risks arising from Financial Instruments

Credit risk arises from investments with banks and other financial institutions, as well as credit exposures to the Council's customers.

Investments

The following shows the original principal sum invested at 31 March analysed by the nature of the financial institution and by maturity, these investments are fixed time and callable deposits where the deposits are redeemed for the same value as the amount invested. The deposits are with United Kingdom banks and building societies and, therefore, no provision is made for possible loss of principal.

	31 March 2015 £,000	31 March 2014 £,000
Local Authorities	2,007	0
Ermine Street Housing	4,102	0
Clearing Banks	22,586	15,099
Banks, other	2,514	2,505
Money Market Funds	872	1,381
Building Societies with assets:		
greater than £10,000 million	11,541	9,522
between £1,500 million and £5,000 million	0	1,001
Equity Shares	50	0
Government Securities	0	0
	<u>43,672</u>	<u>29,508</u>
Less:		
Cash and cash equivalents	(872)	(2,381)
Total	<u>42,800</u>	<u>27,127</u>
Principal Investments analysed by maturity		
2014/15	0	27,000
2015/16	42,571	0
Government Securities and Equity Shares	50	0
	<u>42,621</u>	<u>27,000</u>
Accrued interest	179	127
	<u>42,800</u>	<u>27,127</u>

37 Long Term Liabilities

	Note	2014-15 £,000	2013-14 £,000
Liability related to defined benefit pension scheme	21	(61,849)	(48,245)
Deferred Liability -Pension		(11)	(11)
		(61,860)	(48,256)
Borrowing for HRA Self Financing		(205,123)	(205,123)
		(266,983)	(253,379)

Long term borrowing

Housing Revenue Account self-financing has given the Council an obligation to pay the Government a lump sum to 'buy out' of a negative housing subsidy position, in 2012 the Council obtained 41 individual loans with maturity dates between 2037 and 2057 from the Public Works Loan Board (PWLB) to finance the one-off payment. The loans have been included in the Balance Sheet at amortised cost, administration charges where incurred are charged directly to the Housing Revenue Income and Expenditure Account. An analysis of the PWLB long term liability is provided below:

Financial Instrument - PWLB loan	£,000
Repayable within 25 years	35,000
Repayable within 30 years	50,000
Repayable within 35 years	50,000
Repayable within 40 years	50,000
Repayable within 45 years	20,123
Total commitment	205,123

Single Entity Supplementary Financial Statements

- **Housing Revenue Income and Expenditure Account**
- **Collection Fund**

Housing Revenue Income and Expenditure Account

The HRA Income and Expenditure Statement shows the economic cost in the year for providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

	2014-15	2013-14
	£,000	£,000
INCOME		
Dwelling Rents (Gross)	(27,977)	(26,703)
Non-dwelling Rents (Gross)	(381)	(383)
Charges for Services and Facilities	(1,402)	(1,401)
Contributions towards expenditure		
General Fund	(138)	(150)
Other Sources	(193)	(291)
Total Income	<u>(30,091)</u>	<u>(28,928)</u>
EXPENDITURE		
Repairs and Maintenance	4,065	3,861
Supervision and Management		
General	1,891	1,868
Repairs and Maintenance	1,116	989
Special Services	2,186	2,124
Rent, Rates and Other Charges	192	169
Depreciation and impairment of Non-Current Assets	(7,874)	2,504
Transfer of DLO deficit	0	0
Treasury Management Costs	25	28
Increased/(Decreased) Provision for Bad or Doubtful Debt	83	80
Total Expenditure	<u>1,684</u>	<u>11,623</u>
Net Expenditure or Income of HRA Services as included in the whole authority		
Income and Expenditure Account	(28,407)	(17,305)
HRA services share of Corporate and Democratic Core	525	531
Mortgage Interest	0	(1)
Net Expenditure or Income of HRA Services	(27,882)	(16,775)
Loss/(Gain) on sale of HRA non-current assets	(2,066)	(1,354)
Interest payable on Self Financing Debt	7,193	7,193
Interest and Investment Income	(49)	(26)
Pensions Interest Cost and Expected Return on Pension Assets	418	393
Capital grants and contributions	(175)	(412)
Deficit/(surplus) for the year on HRA services	(22,561)	(10,981)

Statement of Movement on the Housing Revenue Income and Expenditure Account

Additional items required by statute and proper practices to be taken into account in determining the movement in the Housing Revenue Account balance;

	Note	2014-15 £,000	2013-14 £,000
(Surplus)/deficit for the year on the HRA Income and Expenditure Account		(22,561)	(10,981)
Amount by which officer remuneration on an accruals basis is different from remuneration chargeable by statute		(4)	(6)
Impairment taken to Capital Adjustment Account		18,694	7,874
(Loss)/gain on sale of HRA non-current assets		2,066	1,354
HRA share of contributions to the Pensions Reserve		(435)	(438)
Transfer from Major Repairs Reserve/Capital Asset Accounting Adjustment		(5,162)	(4,830)
Capital expenditure funded by the Housing Revenue Account		5,617	2,549
Adjustments between accounting basis and funding basis under statute	5	175	412
Net increase or decrease before transfers to or from reserves		(1,610)	(4,066)
Transfer to/from reserves		925	4,000
Decrease/(increase) in the Housing Revenue Account balance for the year		(685)	(66)
Housing Revenue Account balance brought forward		(2,493)	(2,427)
Housing Revenue Account balance carried forward		(3,178)	(2,493)

The Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

	Business Rates 2014-15 £,000	Council Tax 2014-15 £,000	Total 2014-15 £,000	Business Rates 2013-14 £,000	Council Tax 2013-14 £,000	Total 2013-14 £,000
Income						
Council Tax Receivable	0	(92,606)	(92,606)	0	(89,311)	(89,311)
Business Rates Receivable	(67,999)		(67,999)	(67,245)		(67,245)
	<u>(67,999)</u>	<u>(92,606)</u>	<u>(160,605)</u>	<u>(67,245)</u>	<u>(89,311)</u>	<u>(156,556)</u>
Expenditure						
<i>Apportionment of previous years surplus/ (deficit)</i>						
Central Government	(2,788)	0	(2,788)	0	0	0
Cambridgeshire County Council	(502)	369	(133)	0	(79)	(79)
Cambridgeshire & Peterborough Fire Authority	(56)	21	(35)	0	(4)	(4)
Cambridgeshire Police and Crime Commissioner	0	60	60	0	(13)	(13)
South Cambridgeshire District Council	(2,231)	65	(2,166)	0	(13)	(13)
	<u>(5,577)</u>	<u>515</u>	<u>(5,062)</u>	<u>0</u>	<u>(109)</u>	<u>(109)</u>
<i>Precepts, Demands and Shares</i>						
Central Government	33,827	0	33,827	35,061	0	35,061
Cambridgeshire County Council	6,089	65,345	71,434	6,311	63,320	69,631
Cambridgeshire & Peterborough Fire Authority	676	3,742	4,418	701	3,699	4,400
Cambridgeshire Police and Crime Commissioner	0	10,562	10,562	0	10,242	10,242
South Cambridgeshire District Council	27,062	7,156	34,218	28,049	6,947	34,996
Special Expenses- Parish Precepts	0	4,406	4,406	0	4,233	4,233
	<u>67,654</u>	<u>91,211</u>	<u>158,865</u>	<u>70,122</u>	<u>88,441</u>	<u>158,563</u>
<i>Charges to Collection Fund</i>						
Write offs of uncollectable amounts	358	77	435	395	136	531
Increase/ (Decrease) in bad debt provision	(78)	54	(24)	57	38	95
Increase/(Decrease) in Provision for Appeals	158	0	158	4,001	0	4,001
Cost of Collection	220	0	220	218	0	218
Disregarded Amounts	0	0	0	0	0	0
	<u>658</u>	<u>131</u>	<u>789</u>	<u>4,671</u>	<u>174</u>	<u>4,845</u>
(Surplus)/ Deficit arising during the year	(5,264)	(749)	(6,013)	7,548	(805)	6,743
(Surplus)/ Deficit at brought forward 1 April	7,548	(807)	6,741	0	(2)	(2)
(Surplus)/ Deficit at carried forward 31 March	2,284	(1,556)	728	7,548	(807)	6,741

Collection Fund balance:

Attribution of (surplus) / deficit carried forward:

	Business Council			Business Council		
	Rates	Tax	Total	Rates	Tax	Total
	2014-15 £,000	2014-15 £,000	2014-15 £,000	2013-14 £,000	2013-14 £,000	2013-14 £,000
Proportional split						
Central Government	1,142	0	1,142	3,774	0	3,774
Cambridgeshire County Council	206	(1,116)	(910)	679	(578)	101
Cambridgeshire Police and Crime Commissioner	0	(179)	(179)	0	(93)	(93)
Cambridgeshire and Peterborough Fire Authority	22	(64)	(42)	76	(34)	42
	1,370	(1,359)	11	4,529	(705)	3,824
District Council	914	(197)	717	3,019	(102)	2,917
Deficit/(Surplus)	2,284	(1,556)	728	7,548	(807)	6,741

The surplus relating to council tax transactions and deficit relating to business rates due to Central Government, Cambridgeshire County Council, Cambridgeshire Police and Crime Commissioner and Cambridgeshire and Peterborough Fire Authority on the Collection Fund as at 31 March 2015 is included as a creditor or debtor in the Council's Balance Sheet and will be distributed in subsequent financial years.

Notes to Single Entity Supplementary Statements

- **Notes to the Housing Revenue Income and Expenditure Account**

- **Notes to the Collection Fund**

Notes to the Housing Revenue Account (HRA)

38 Housing stock

The Housing Revenue Account includes all the expenditure and income associated with the following stock of Housing Revenue Account dwellings:

	As at 31 March 2014	Conversions/ transfers during year	Additions during year	Disposals/ adjustments during year	As at 31 March 2015
1 Bedroom	1,078	(1)	4	(4)	1,077
2 Bedroom	2,304	3	6	(6)	2,307
3 Bedroom	1,923	(8)	2	(21)	1,896
4 or more bedrooms	79	(1)	0	(1)	77
	5,384	(7)	12	(32)	5,357

Disposals

Right to Buy	29
Equity Share	0
Other	3
	32

The total balance sheet values of dwellings and other property and land within the HRA are;

	31 March 2015		31 March 2014	
	Asset value £,000	Depreciation £,000	Asset value £,000	Depreciation £,000
Property, Plant and Equipment				
Council Dwellings (HRA only)	447,601	10,789	373,360	10,371
Depreciation adjustment on revaluation		(10,789)		(10,371)
Other Land and Buildings	6,037	24	4,419	6
Depreciation adjustment on revaluation		(24)		(6)
Surplus assets held, not for sale	519		91	0
	454,157	0	377,870	0

In 2014-15, depreciation on buildings is based on the asset lives as assessed by the District Valuer. Land is not depreciated.

The dwellings are valued in accordance with Guidance on Stock Valuation for Resource Accounting issued by the Office of the Deputy Prime Minister. This requires the dwellings to be valued at open market value with vacant possession, which is then adjusted to reflect tenancies at less than open market rents by using an adjustment factor based on the ratio of local authority rents to open market rents for the relevant region. The adjustment factor for the eastern region is 39%.

The value of council dwellings (Housing Revenue Account) at 31 March 2015, based on vacant possession, was £1,147,694,151.

39 Capital expenditure, financing and receipts

Capital expenditure and financing relating to the HRA during the financial year was:

	2014-15 £,000	2013-14 £,000
Opening capital financing requirement	204,429	205,123
Expenditure		
Acquisition of land	386	0
New build - dwellings	102	391
Acquisition of existing dwellings	2,296	2,189
Improvement of housing stock and other buildings	9,331	7,515
Financing		
Capital Receipts and contributions	(898)	(2,093)
* Revenue	(5,558)	(2,454)
Grant and reserves	0	0
Major Repairs Allowance	(5,659)	(5,548)
GF Internal Financing	0	(694)
	0	(694)
Closing capital financing requirement	204,429	204,429

*In addition, £58,642 was spent relating to the HRA contribution to capital expenditure on IT and software.

Capital receipts relating to the HRA during the financial year were:

	2014-15	2013-14
	£,000	£,000
Sale of Land	437	114
Sale of dwellings		
Right to Buy	3,249	3,449
Other	732	0
	4,418	3,563

40 Impairment

Impairment is a reduction in the value of non-current assets. When this occurs through the clear consumption of economic benefit or through market value reduction, it has been identified and is written off against any revaluation gains in the Revaluation Reserve for that (group of) asset(s) until the gain is reduced to zero and then any balance is charged to Housing Revenue Income and Expenditure Account.

	2014-15	2013-14
	£,000	£,000
Operational assets		
Impairment charged to Housing Revenue Income and Expenditure Account (net)	(18,675)	(7,874)
Impairment charged to Revaluation Reserve	481	7,004
Non-operational assets		
Impairment charged to Housing Revenue Income and Expenditure Account (net)	(19)	0
Impairment charged to Revaluation Reserve	0	0
	(18,213)	(870)

41 Major Repairs Reserve

Previously, within the housing subsidy scheme, there was an annual allowance for major repairs which could only be used for expenditure on major repairs and/or improvements to Housing Revenue Account dwellings. The housing subsidy scheme and, therefore the Major Repairs Allowance, ceased at the end of 2011-12 with the advent of the Self Financing regime. In 2012-13 the Council was required to charge the Housing Revenue Account a notional amount for depreciation; calculated in a similar way to the major repairs allowance. The notional depreciation charge is reserved to fund similar major repairs and improvement works. The transition period will continue till 2017-18, with a full depreciation charge equivalent to the whole capital adjustment transfer being charged to the Housing Revenue Account from 2018-19.

	2014-15 £,000	2013-14 £,000
Balance at 1 April	0	0
Transfer to Capital Adjustment Account	(10,813)	(10,377)
Amount transferred to Statement of Movement on the HRA balance	5,154	4,829
HRA Capital expenditure charged to Major Repairs Reserve	5,659	5,548
Balance at 31 March	0	0

42 HRA share of contributions to or from the Pensions Reserve

This contribution, shown in the Statement of Movement on the Housing Revenue Income and Expenditure Account, reverses out the pensions liabilities apportioned to net operating expenditure and adds back in the payments to the pension scheme so that the adoption of International Accounting Standard 19 (IAS 19) Employee Benefits has no effect on the deficit/surplus for the year.

In view of the uncertainty over future pension costs, an additional percentage of pensionable pay has been charged against the Housing Revenue Account and placed in a reserve for use in future years (Note 6).

43 Rent arrears on dwellings

	As at 31 March 2015 £	As at 31 March 2014 £
Arrears	£427,330	£429,733
Arrears as a percentage of gross rents collectable	1.47%	1.53%
Provision for uncollectable amounts	£300,000	£300,000

Notes to the Collection Fund Account

44 General

This account represents the transactions of the Collection Fund, which have been prepared on the accruals basis.

45 Council tax

The Council Tax is raised to finance local authority net expenditure which is not met from government grants, and there is one bill for each dwelling based on the valuation band in which the dwelling is placed. There is a discount scheme for dwellings with fewer than two liable persons, a benefit scheme for persons on low incomes and a reduction for people with disabilities.

The Council Tax base for tax setting purposes is calculated as:

Band	Valuation	Number of dwellings adjusted for discount, exemptions, etc.	Ratio to Band D	Band D equivalents
-A	Upto £40,000	3.8	5/9	2.1
A	Upto £40,000	2,426.5	6/9	1,617.7
B	£40,001 - £52,000	7,001.7	7/9	5,445.8
C	£52,001 - £68,000	18,969.2	8/9	16,861.5
D	£68,001 - £88,000	12,328.8	9/9	12,328.8
E	£88,001 - £120,000	8,607.5	11/9	10,520.3
F	£120,001 - £160,000	5,045.0	13/9	7,287.2
G	£160,001 - £320,000	2,497.2	15/9	4,162.0
H	More than £320,000	184.5	18/9	369.0
		<u>57,064.2</u>		<u>58,594.4</u>
Assumed rate of collection			99.6%	
Tax base for tax setting purposes (number of Band D equivalent dwellings)				58,242.8
Tax rate for a Band D property				£1,566.05
Estimated income due				<u>£91,211,120</u>
Actual income due				
Net of write offs and provisions			£92,474,935	
				<u>£92,474,935</u>
Difference in income due to variations in tax base and rate of collection				<u>£1,263,815</u>

46 Income from business rates

The Council collects non-domestic rates for its area based on local rateable values multiplied by a uniform rate set by Central Government. The total non-domestic rateable value as at 31 March 2015 was £175,468,813 and the standard uniform rate was 48.2 pence in the £, and the small business uniform rate 47.1 pence in the £.

Group Accounts

**For South Cambridgeshire District Council
and South Cambs Ltd**

Group Accounts for the year ended 31 March 2015

Introduction

In order to provide a full picture of the economic and financial activities of the Council and its exposure to risk, the accounting statements of material subsidiary companies are consolidated with those of the Council. The resulting Group Accounts are presented in addition to the Council's single entity accounts. They include the core accounting statements, similar in presentation and purpose to the Council's accounts, and any explanatory notes considered necessary to explain material movements from the single entity accounts. Where no notes are given, users of the accounts should refer to the notes in the single entity accounts.

Group accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting, consolidating any material subsidiary, associate or joint venture entities over which the Council exercises control or influence. The basis for determining the Group Boundary is as set out in the Council's Accounting Policies on page 19.

South Cambs Limited, trading as Ermine Street Housing, began active trading on 1 April 2014; of which the Council owns 100% shares (cash consideration £1), and has been consolidated as a subsidiary.

As South Cambs Limited began trading in 2014-15 the Group Accounts do not include comparative figures for 2013-14.

Accounting Policies

South Cambs Ltd, trading as Ermine Street Housing, has prepared 2014-15 accounts using accounting policies consistent with those applied by the Council, and no adjustments have been required to align accounting policies. Both entities have a financial year end of 31 March, with South Cambs Ltd producing full year accounts.

As a subsidiary, the accounts of South Cambs Ltd have been consolidated with those of the Council on a line by line basis, and any balances and transactions between parties have been eliminated in full. South Cambs Ltd expenditure and income, adjusted for transactions with the Council, is included on the relevant service lines in the Comprehensive Income and Expenditure Statement; and balance sheet values are similarly incorporated into the relevant heading of the Balance Sheet, removing balances owed between the two parties.

Group Movement in Reserves Statement

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year 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 reserves.

The surplus or deficit on the provision of services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

The net increase / decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	Note	General Fund Balance £,000	Earmarked General Fund Reserves £,000 (Note 6)	Housing Revenue Account £,000	Earmarked HRA Reserves £,000 (Note 6)	Capital Receipts Reserve £,000 (Note 11)	Capital Grants Unapplied £,000 (Note 11)	South Cambs Ltd Usable £,000	Total Usable Reserves £,000	South Cambs Ltd Unusable £,000	Unusable Reserves £,000 (Note 12)	Total Authority Reserves £,000
Balance as at 31st March 2014		(11,187)	(4,149)	(2,492)	(8,500)	(3,569)	(584)	0	(30,481)	0	(139,193)	(169,674)
Movement in reserves during 2014-15												
Deficit / (Surplus) on provision of services (accounting basis)		(1,557)		(22,564)	0	0	0	96	(24,025)	0	0	(24,025)
Other comprehensive expenditure and income	5	0	0	0	0	0	0	0	0	0	(47,213)	(47,213)
Total comprehensive income and expenditure		(1,557)	0	(22,564)	0	0	0	96	(24,025)	0	(47,213)	(71,238)
Adjustments between accounting basis and funding basis under regulations	5	494	0	20,953	0	(2,795)	151	0	18,803	0	(18,803)	0
Net (increase) / decrease before transfers to earmarked reserves		(1,063)	0	(1,611)	0	(2,795)	151	96	(5,222)	0	(66,016)	(71,238)
Transfers (to) / from earmarked reserves	6	1,997	(1,997)	925	(925)	0	0	0	0	0	0	0
Increase / Decrease in year		934	(1,997)	(686)	(925)	(2,795)	151	96	(5,222)	0	(66,016)	(71,238)
Balance as at 31st March 2015		(10,253)	(6,146)	(3,178)	(9,425)	(6,364)	(433)	96	(35,703)	0	(205,209)	(240,912)

Group 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 regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

	2014-15 Group Gross Expenditure £,000	2014-15 Group Gross Income £,000	2014-15 Group Net Expenditure £,000
Expenditure on services			
Corporate and Democratic Core	2,978	(92)	2,886
Central Services to the Public	2,137	(1,216)	921
Cultural, Environmental and Planning Services			
Cultural and Related Services	637	(29)	608
Environmental Services	7,656	(2,214)	5,442
Planning and Development Services	5,088	(2,540)	2,548
Highways, Roads and Transport Services	81	(19)	62
Non HRA Housing			
Personal Social Services	468	(39)	429
Housing Benefit and Administration	29,314	(29,106)	208
Private Sector Housing Renewal	980	(349)	631
Supporting People	26	0	26
Other Non HRA Housing Services Expenditure	722	(894)	(172)
Other Contributions to/from HRA	136	0	136
Non -distributed Costs	34	0	34
General Fund Services-Continuing operations	50,257	(36,498)	13,759
Housing Revenue Account Services	1,684	(30,091)	(28,407)
Net cost of services	51,941	(66,589)	(14,648)
Other operating expenditure		Note 7	2,924
Financing and investment income and expenditure		Note 8	8,843
Taxation and non-specific grant income		Note 9	(21,580)
Surplus or deficit on the provision of services			(24,461)
(Surplus)/deficit on revaluation of non-current assets			(58,306)
Actuarial (gain)/loss on pension assets and liabilities		Note 21	11,530
Total comprehensive income and expenditure			(71,237)

Group Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the group. The net assets of the group (assets less liabilities) are matched by the reserves held by the group. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the group 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 Reserves that may only be used to fund capital or repay debt). The second category of reserves is those that the group is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold: and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

	31 March 2015 £,000
Property, Plant and Equipment	479,507
Intangible Assets	254
Long Term Investments	50
Long Term Debtors	455
Long Term Assets	480,266
Short Term Investments	38,678
Inventories	53
Short Term Debtors	4,037
Cash and Cash Equivalents	1,197
Assets held for sale	445
Current Assets	44,410
Cash and cash equivalents	(1,023)
Short Term Creditors	(13,816)
Provisions	(1,910)
Current Liabilities	(16,749)
Other Long Term Liabilities	(61,892)
Long Term Borrowing	(205,123)
Long Term Liabilities	(267,015)
Net Assets	240,912
Usable reserves	(35,703)
Unusable reserves	(205,209)
Total Reserves	(240,912)

Group Cash Flow Statement

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

	Group Note	2014-15 £,000
Cash Flows from operating activities		
Cash receipts		(89,674)
Cash payments		<u>65,000</u>
Net cash flows from Operating Activities	4	(24,674)
Investing Activities	5	24,601
Financing Activities		<u>1,830</u>
Net increase or decrease in cash and cash equivalents		1,758
Cash and cash equivalents at the beginning of the reporting period		(1,932)
Cash and cash equivalents at the end of the reporting period		<u>(174)</u>

Notes to Group Accounts

1 Property, Plant and Equipment

Property, plant and equipment are 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, the group balance sheet includes properties which have been purchased by South Cambs Ltd for the purpose of rental.

2 Loans and Investments

The Council has undertaken fixed term investments of £4.07m with South Cambs Ltd a corresponding liability transaction has been shown on the balance sheet of South Cambs Ltd these transactions have been eliminated in the group accounts.

3 Debtors and Creditors

With the elimination of transactions between the Council and South Cambs Ltd as its subsidiary, the debtors and creditors between these parties are excluded.

4 Operating Activities

The cash flows for the Group operating activities include the following items:

	2014-15	
	£,000	
Housing Benefit Grant	(27,531)	
Cash received for goods and services	(9,146)	
Housing Rents	(28,160)	
Council tax receipts -Council and Parish share	(11,505)	
Business rates - Council share	(4,313)	
Other grants and contributions	(2,645)	
Revenue support grant/New Homes Bonus	(5,809)	
Interest received	(423)	
Collection Fund - Council share	(142)	
		(89,674)
Housing Benefit	14,748	
Parish Precepts	4,406	
Cash paid to and on behalf of employees	16,385	
Other operating cash payments	25,751	
Revenue funded from capital	1,055	
Payments to the Capital Receipts Pool	424	
Collection Fund - Council share	2,231	
		65,000
Net cash flows from operating activities		(24,674)

5 Investing Activities

The cash flows for Group investing activities include the following:

	2014-15
	£,000
Purchase of property, plant and equipment and intangible assets	18,743
Purchase of short term and long term investments	254,907
Proceeds from the sale of property, plant and equipment	(5,743)
Proceeds from short term and long term investments	(243,306)
Other receipts from investing activities	0
Investing Activities	24,601



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Opinion on the Authority's financial statements

We have audited the financial statements of South Cambridgeshire District Council for the year ended 31 March 2015 under the Audit Commission Act 1998 (as transitionally saved). The South Cambridgeshire District Council financial statements comprise the: Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund and related notes 1 to 46 and Group accounts notes 1 to 5.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of South Cambridgeshire District Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. 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 Executive Director (Corporate Services) and auditor

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 11, the Executive Director (Corporate 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 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Executive Director (Corporate Services); and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Statement of Accounts 2014/15 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of South Cambridgeshire District Council as at 31 March 2015 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2014/15 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not comply with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012);
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources***Respective responsibilities of the Authority and auditor***

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under its Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, South Cambridgeshire District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

Certificate

We certify that we have completed the audit of the accounts of South Cambridgeshire District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Mark Hodgson

*for and on behalf of Ernst & Young LLP, Appointed Auditor
Cambridge*

Date: 25 September 2015

Accounting Period

The period of time covered by the accounts, normally 12 months commencing on 1 April for local authorities.

Accounting Policies

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- Recognising
- Selecting measurement bases for, and
- Presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured, and where in the revenue account or balance sheet it is to be presented.

Accounting Standards

A set of rules which explain how accounts are to be kept. By law, local authorities must follow 'proper accounting practices', which are set out in Act of Parliament and in professional codes and statements of recommended practices. These make comparability, among other things, possible.

Accruals

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

Actuarial gains and losses

For a defined benefit pension scheme; the changes in actuarial deficit or surplus that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains or losses), or
- The actuarial assumption have changed

Capital Charges

Depreciation charges made to service revenue accounts based on the value of the assets they use.

Capital Expenditure

The expenditure on new assets such as land, buildings, vehicles, plant or equipment, or on enhancements to existing assets which significantly prolong their useful life or increase their value.

Capital Receipt

Income received from the sale of capital assets such as council houses, land or other buildings.

Contingent Liabilities

Potential liabilities which are either dependent on a future event or cannot be reliably estimated.

Creditors

Amounts owed by the Council at 31 March for goods or services rendered but not yet paid for.

Current Assets

Assets which can be expected to be consumed or realised during the next accounting period.

Current Liabilities

Amounts which will become due or could be called upon during the next accounting period.

Debtors

Amounts owed to the Council which are collectable or outstanding at 31 March.

Defined benefit scheme

A pension or other retirement benefit scheme other than a defined contributions scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Depreciation

The estimated losses in value of an asset due to age, deterioration or obsolescence.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Minimum Revenue Provision

An amount that the Council is required to charge to the General Fund, to provide for the repayment of debt related to capital expenditure

Non-current Asset

Assets which can be expected to be of use or benefit to the Council in providing its service for more than one accounting period.

Government Grant

Payments by central government towards local authority expenditure. Grants may be specific, for example Housing Benefit subsidy, or general such as Revenue Support Grant.

Impairment

An asset is impaired when the amount at which an asset is recognised in the Balance Sheet is higher than the asset value.

Inventories

Stock held by the Council e.g. refuse or recycling bins

Operating Lease

A lease under which the ownership of the asset remains with the lessor; for practical purposes it is equivalent to contract hiring.

Precepting Authorities

Those authorities which are not billing authorities, for example County Councils, Fire, Police, Parish and Town councils.

Precepts

The levy made by precepting authorities on billing authorities, for example District Councils, requiring the billing authority to collect income from council tax payers on their behalf.

Provisions

Monies set aside for liabilities which are likely to be incurred but where exact amounts or dates are uncertain.

Reserves

Amounts set aside in the accounts for the purpose of meeting future expenditure. A distinction is drawn between reserves and provisions which are set up to meet known liabilities.

Revenue Expenditure

Spending on day to day items including employee's pay, premises costs and supplies and services.

Revenue Expenditure funded from capital under statute

Capital expenditure for which there is no tangible asset, for example renovation grants.

Revenue Support Grant

The main grant paid by central government to a local authority towards the costs of its services.

Abbreviations used in the accounts

CAA

Capital Adjustment Account

CIPFA

Chartered Institute of Public Finance and Accountancy

The Code

Code of Practice on Local Authority Accounting

DLO

Direct Labour Organisation

DSO

Direct Service Organisation

HRA

Housing Revenue Account

IFRS

International Financial Reporting Standards

IAS

International Accounting Standards

MRA

Major Repair Allowance

NNDR

National Non-Domestic Rates (Business Rates)

RR

Revaluation Reserve