

IPSWICH BOROUGH COUNCIL STATEMENT OF ACCOUNTS 2015/16

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NARRATIVE REPORT BY CHIEF FINANCIAL OFFICER

1. Introduction

This narrative report has been written to provide a guide to the significant matters reported in these accounts. Ipswich Borough Council's ('the Council') accounts for the year ended 31 March 2016 are set out in this publication.

2. Revenue Accounts - Financial Position

The main components of the Revenue budget for 2015/16, and how these compare with the out-turn for the year, are set out below:

2.1. General Fund Income and Expenditure Account

The Council budgeted for net expenditure of £24.888m (million), which after transferring a net £2.458m to Reserves and Provisions and transferring £4.616m from the Working Balance, left £22.73m to be met from Government Grant, Local Taxpayers and retained Business Rates. This amount represented the Council's Budget requirement for 2015/16.

Actual net expenditure was £19.926m, which was £4.962m less than budgeted, which after transferring a net £2.629m to Reserves and Provisions, leaves the Working Balance at 31 March 2016 £4.791m greater than anticipated.

The main components of the General Fund Revenue Budget and how these compared with the out-turn for the year is shown below:-

2014/15 Out-turn Restated £000's		Budget £000's	2015/16 Out-turn £000's	Variance £000's
16,325	Services (Net Expenditure)	20,791	15,829	(4,962)
1,766	Capital Financing	2,218	2,218	-
(1,282)	Interest Received	(1,312)	(1,312)	-
3,418	Pension Interest & Return on Assets	3,191	3,191	-
20,227	Net Expenditure	24,888	19,926	(4,962)
2,016	Contributions to/(from) Provisions and Reserves	2,458	2,629	171
210	(Use of)/Contribution to Working Balance	(4,616)	175	4,791
22,453	Budget Requirement	22,730	22,730	-
Financing:				
(4,359)	Revenue Support Grant	(2,993)	(2,993)	-
(4,762)	Non-Domestic Rates	(6,013)	(6,013)	-
(1,548)	New Homes Bonus	(1,774)	(1,774)	-
(425)	Collection Fund Surplus	25	25	-
(11,359)	Council Tax	(11,975)	(11,975)	-
(22,453)	Total Funding	(22,730)	(22,730)	-
Working Balance:-				
	Balance 1 April 2015	(12,222)	(12,222)	-
	Contribution to/(from) General Fund	4,616	(175)	(4,791)
	Balance 31 March 2016	(7,606)	(12,397)	(4,791)

2.2. Housing Revenue Account

The Local Government and Housing Act 1989 requires that all income and expenditure relating to the management of Council Housing is contained (ring-fenced) in the Housing Revenue Account.

In 2015/16 the Housing Revenue Account showed a surplus of £0.919m compared with a budgeted surplus of £0.344m, a reduction of £0.575m in net expenditure compared with the budget. The Working Balance at 31 March 2016 is therefore correspondingly greater than anticipated.

The main components of the Housing Revenue Account Budget and how these compared with the Out-Turn for the year is shown below: -

2014/15 Out-turn £000's		Budget £000's	2015/16 Out-turn £000's	Variance £000's
12,210	Services (Net Expenditure)	13,003	12,811	(192)
21,409	Capital Financing	22,692	22,453	(239)
(50)	Interest Received	(19)	(59)	(40)
(35,825)	Rents	(36,381)	(36,469)	(88)
(2,256)	Net Expenditure	(705)	(1,264)	(559)
(196)	Contributions to/(from) Provisions and Reserves	361	345	(16)
(2,452)	Deficit/(Surplus)	(344)	(919)	(575)
2,452	(Use of)/Contribution to Working Balance	476	919	443
-		132	-	(132)
Working Balance:-				
	Balance 1 April 2015	(7,148)	(7,148)	-
	Contribution to/(from) Housing Revenue Account	(344)	(919)	(575)
	Balance 31 March 2016	(7,492)	(8,067)	(575)

2.3. Working Balances

Working Balances are a very important source of finance. Recent years have seen some relaxation in the controls on the spending of local authorities but the availability of balances increases the flexibility the Council has in financing future service costs to meet policy objectives.

To provide for contingencies, the Council also recognises the importance of not allowing these balances to fall below prescribed levels and during 2015/16 the prescribed minimum levels as agreed in Section 5 of the Medium Term Financial Plan were as follows:-

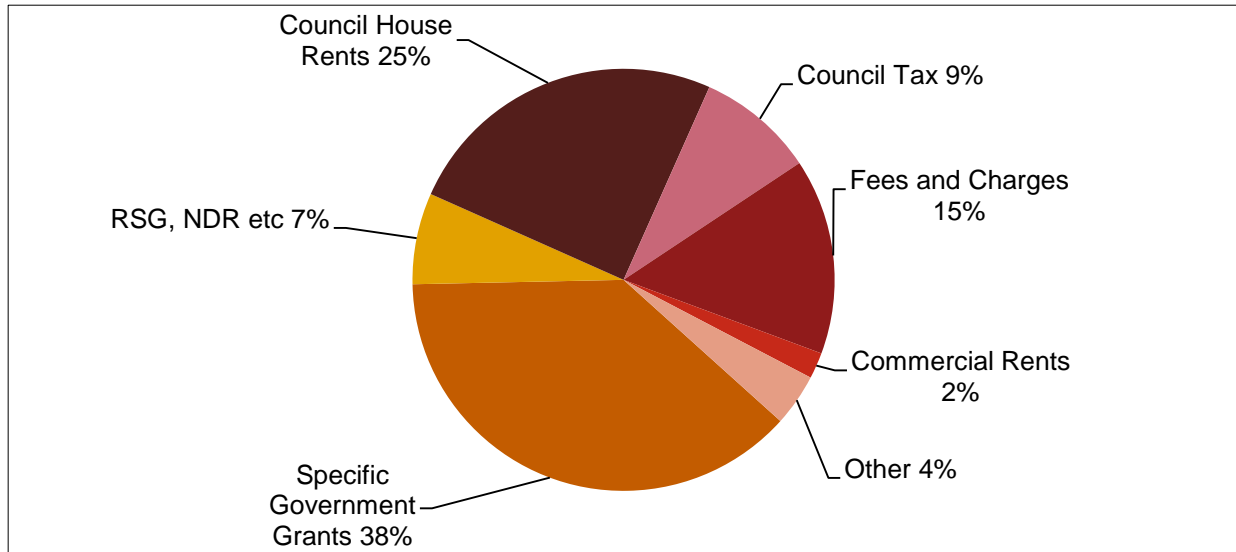
	£000's
General Fund Revenue Account	2,000
Housing Revenue Account	1,000
	3,000

The Council also has a number of provisions and reserves. The accounting treatment, nature and purpose of these can be found within this statement.

3. Major Influences on the Council's Income and Expenditure

The following two charts show, in broad terms, where the Council's money comes from and how it is spent. The percentages follow from a consolidation of the General Fund and the Housing Revenue Account and are based on total expenditure and matching income of £141m.

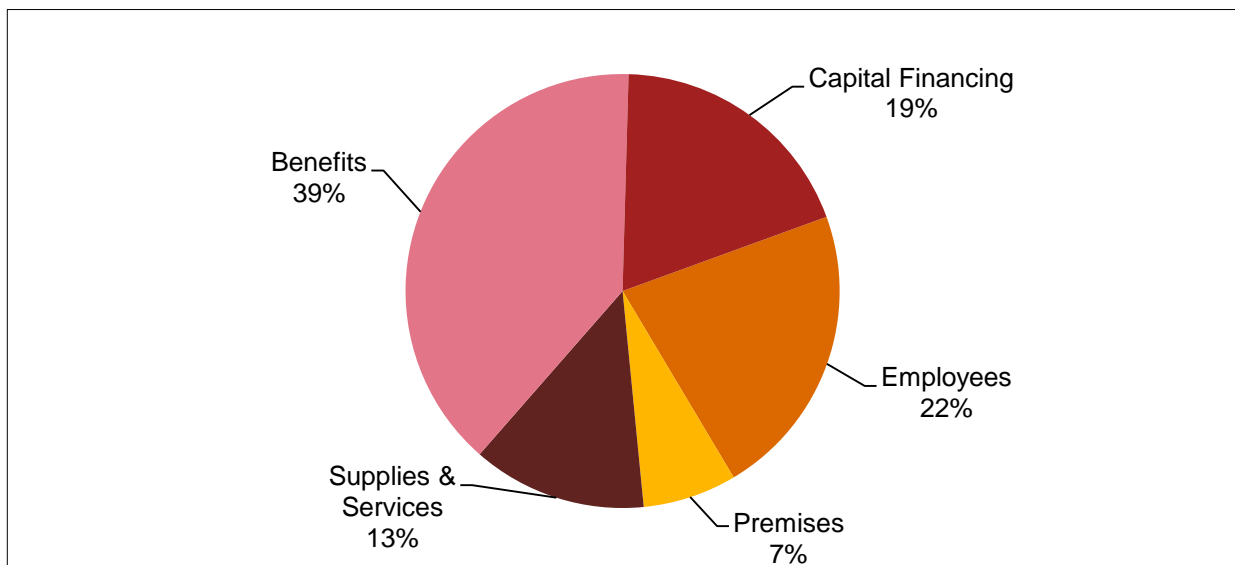
Where the money comes from



The total cost of providing rent rebates to Council tenants is deducted from their rent income, to produce a net figure.

The largest item of income is Specific Government Grants that contribute significantly towards the cost of Housing Benefit payments. Altogether, such grants provide 45% of the total income. 25% of income is provided through Council House Rents and 15% through Fees and Charges.

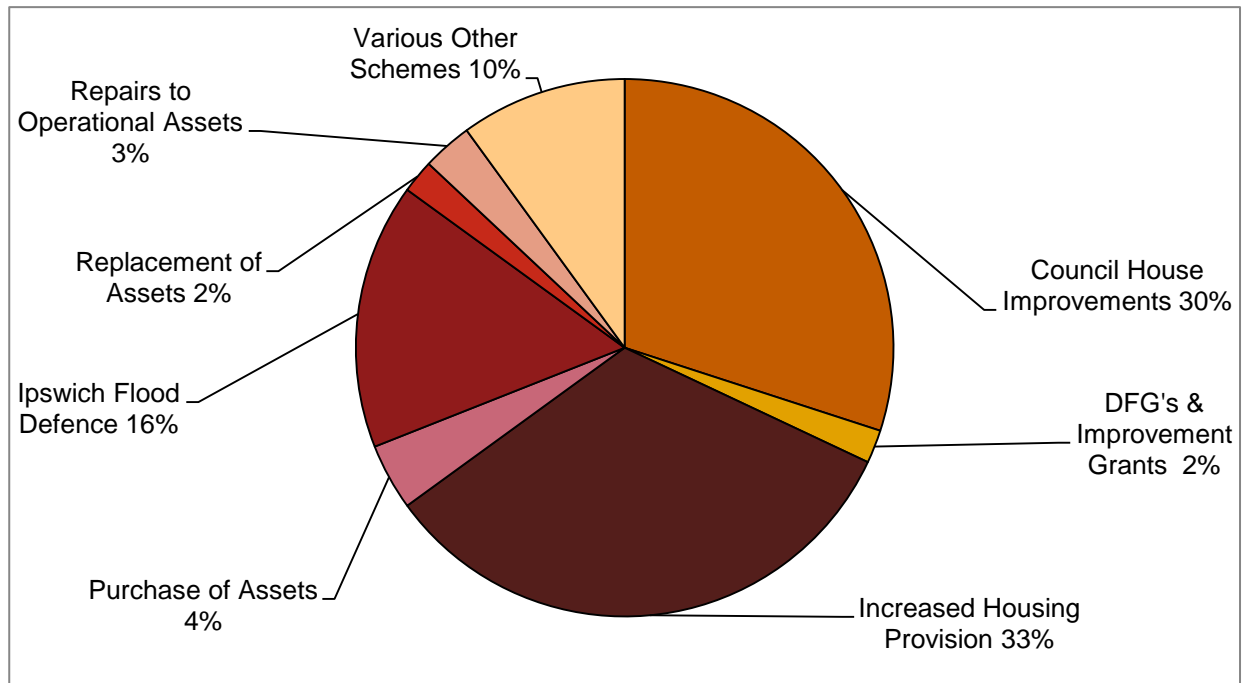
How the money was spent



Benefit payments cover Rent Allowances paid to private sector tenants. Capital Financing Costs relate to the repayments of principal and interest on loans.

4. Capital Expenditure and Financing

The major items of capital expenditure in 2015/16 were as follows:-



Details of the Council's 2015/16 capital expenditure by service groupings, together with details of financing are shown below. The main sources of financing are capital receipts arising from the sale of assets, revenue contributions to capital outlay and the major repairs allowance.

2014/15 Restated £000's		2015/16 £000's
	<u>SERVICES EXPENDITURE</u>	
199	Executive Corporate Management Team	4,381
598	Resource Management	628
10,875	Housing & Community Services	8,142
4,305	Cultural & Environmental Services	925
65	Shared Revenue Partnership	3
29,238	Development	10,376
45,280	TOTAL	24,455
	<u>FINANCING</u>	
5,040	Usable Capital Receipts	5,618
22,961	Borrowing	1,011
4,272	External Contributions	4,599
8,552	Major Repairs Allowance (HRA)	7,422
4,455	Revenue Contributions to Capital Outlay	5,805
45,280	TOTAL	24,455

During 2015/16, the Council undertook a management restructure and reduced the number of service groups.

The 2014/15 figures have been restated to show what the income and expenditure would have been during 2015/16 if these service groupings were in place then, and to provide prior year comparators.

5. Pensions

Employees of Ipswich Borough Council may participate in the Suffolk County Council Pension Fund, part of the Local Government Pension Scheme, which is a statutory defined benefit scheme. The Fund is administered by Suffolk County Council in accordance with the Local Government Pension Scheme Regulations 1997.

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £304.3m has a substantial impact on the net worth of the Council as recorded in the balance sheet, resulting in a scheme deficit of £73m.

However, statutory arrangements for funding the deficit lessen the overall impact on the financial position of the Council. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

6. Changes

The 2015/16 Code of Practice has clarified the accounting requirements in a number of areas where there was previously a degree of uncertainty. These changes have been reflected in our accounts.

There have been no significant changes in the Council's statutory functions during the year.

7. The Financial needs and resources of the Council

The Council requires financial resources to deliver its Strategic Priorities and statutory obligations. The 2015/16 Medium Term Financial Plan identified a requirement for £4.283m of savings over the three year period covered.

The Council's plans include projects to achieve income generation and savings to deliver financial sustainability in the medium term.

8. Presentation of Information

Values throughout these accounts are presented rounded to whole numbers. Totals in supporting tables and notes may not appear to cast, cross cast or exactly match to the core statements or other tables due to rounding differences.

9. Further Information

Further information about the accounts can be obtained from the Finance and Procurement Operations Manager at Grafton House. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised on the Council's website.

RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**The Council's Responsibilities**

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In the Council, that officer is the Chief Financial Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Council'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 Chief Financial Officer 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 Chief Financial Officer has also:

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

This Statement of Accounts give a true and fair view of the financial position of the Council at 31 March 2016 and its income and expenditure for the year ended on that date. These accounts reflect the changes required by external audit from the draft accounts approved by Council at its meeting on 21st September 2016.

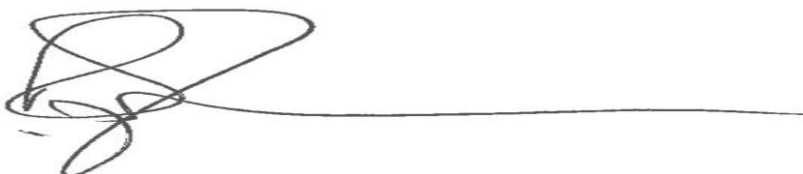


Chief Financial Officer

Date: 9 March 2017

APPROVAL OF THE STATEMENT OF ACCOUNTS

The Statement of Accounts for 2015/16 was considered and approved by Full Council at the meeting on 21st September 2016, subject to changes required by external audit.



The worshipful, The Mayor of Ipswich,

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, 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 Council'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.

	Revenue Reserves				Capital Reserves			Total Usable Reserves £000's	Unusable Reserves £000's	Total Authority Reserves £000's
	General Fund Balance £000's	Earmarked General Fund Reserves £000's	Housing Revenue Account (HRA) £000's	Earmarked HRA Reserves £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grants Unapplied Account £000's			
Balance at 1 April 2014	(12,012)	(6,576)	(4,696)	(6,440)	(16,034)	(231)	(1,112)	(47,101)	(265,321)	(312,422)
<u>Movement in reserves during 2014/15</u>										
(Surplus) or deficit on the provision of services	2,505	-	(36,502)	-	-	-	-	(33,997)	-	(33,997)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	13,355	13,355
Total Comprehensive Income and Expenditure	2,505	-	(36,502)	-	-	-	-	(33,997)	13,355	(20,642)
Adjustments between accounting basis & funding basis under regulations (Note B1).	(3,213)	-	32,170	-	530	160	707	30,354	(30,354)	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(708)	-	(4,332)	-	530	160	707	(3,643)	(16,999)	(20,642)
Transfers to/from Earmarked Reserves (Note B2)	498	(498)	1,880	(1,880)	-	-	-	-	-	-
(Increase)/Decrease in 2014/15	(210)	(498)	(2,452)	(1,880)	530	160	707	(3,643)	(16,999)	(20,642)
Balance at 31 March 2015 carried forward	(12,222)	(7,074)	(7,148)	(8,320)	(15,504)	(71)	(405)	(50,744)	(282,320)	(333,064)

	Revenue Reserves				Capital Reserves			Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account			
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<u>Movement in reserves during 2015/16</u>										
Balance at 1 April 2015 brought forward	(12,222)	(7,074)	(7,148)	(8,320)	(15,504)	(71)	(405)	(50,744)	(282,320)	(333,064)
(Surplus) or deficit on the provision of services	3,533	-	(28,834)	-	-	-	-	(25,301)	-	(25,301)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(40,798)	(40,798)
Total Comprehensive Income and Expenditure	3,533	-	(28,834)	-	-	-	-	(25,301)	(40,798)	(66,099)
Adjustments between accounting basis & funding basis under regulations (Note B1)	(4,238)	-	25,915	-	(1,262)	(1,250)	(66)	19,099	(19,099)	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(705)	-	(2,919)	-	(1,262)	(1,250)	(66)	(6,202)	(59,897)	(66,099)
Transfers to/from Earmarked Reserves (Note B2)	530	(530)	2,000	(2,000)	-	-	-	-	-	-
(Increase)/Decrease in 2015/16	(175)	(530)	(919)	(2,000)	(1,262)	(1,250)	(66)	(6,202)	(59,897)	(66,099)
Balance at 31 March 2016 carried forward	(12,397)	(7,604)	(8,067)	(10,320)	(16,766)	(1,321)	(471)	(56,946)	(342,217)	(399,163)

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. Councils 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 Restated				2015/16		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000's	£000's	£000's	Note	£000's	£000's	£000's
5,192	(2,957)	2,235	Central services to the public	5,129	(2,200)	2,929
15,696	(7,215)	8,481	Cultural and related services	16,886	(8,773)	8,113
10,641	(4,939)	5,702	Environmental and regulatory services	10,823	(4,859)	5,964
5,089	(2,794)	2,295	Planning services	10,116	(2,616)	7,500
2,776	(3,662)	(886)	Highways and transport services	2,783	(3,614)	(831)
(4,375)	(36,019)	(40,394)	Local Authority Housing (HRA)	4,654	(36,667)	(32,013)
55,925	(53,354)	2,571	Other housing services	56,347	(53,526)	2,821
6,846	(1,401)	5,445	Corporate and democratic core	3,982	(1,493)	2,489
-	(22)	(22)	Non distributed costs	-	171	171
97,790	(112,363)	(14,573)	Cost Of Services	110,720	(113,577)	(2,857)
4,179	(5,016)	(837)	Other Operating Expenditure	C1 5,248	(7,453)	(2,205)
20,674	(13,940)	6,734	Financing and Investment Income and Expenditure	C2 16,873	(10,803)	6,070
17,846	(43,165)	(25,319)	Taxation and Non-Specific Grant Income and Expenditure	C3 18,159	(44,468)	(26,309)
		(33,995)	(Surplus) or Deficit on Provision of Services			(25,301)
		(4,550)	(Surplus) or deficit on revaluation of non current assets			(10,845)
		(46)	(Surplus) or deficit on revaluation of available for sale financial assets			-
		17,950	Remeasurement of the net defined benefit liability/(asset)			(29,953)
		13,354	Other Comprehensive (Income) and Expenditure			(40,798)
		(20,641)	Total Comprehensive (Income) and Expenditure			(66,099)

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council 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 Council 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), 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 2014	31 March 2015		Note	31 March 2016
Restated	Restated			£000's
£000's	£000's			
377,521	423,092	Property, Plant & Equipment	D1	464,018
100,124	100,124	Heritage Assets	D3	100,124
13,467	23,415	Investment Property	D2	13,543
17	-	Intangible Assets		7
322	3,306	Long Term Investments	D4 & D18	302
3	1	Long Term Receivables	D4	-
491,454	549,938	Long Term Assets		577,994
9,067	11,064	Short Term Investments	D4	22,092
398	415	Inventories	D5	427
9,039	7,841	Short Term Receivables	D6	8,504
19,626	15,379	Cash and Cash Equivalents	D7	10,508
-	850	Assets Held For Sale	D8	-
38,130	35,549	Current Assets		41,531
(3,731)	(3,171)	Short Term Borrowing	D4	(4,241)
(14,537)	(14,178)	Short Term Payables	D9	(12,019)
(1,858)	(1,931)	Provisions	D10	(2,329)
(20,126)	(19,280)	Current Liabilities		(18,589)
(911)	(978)	Long Term Payables	D4	(733)
(246)	(209)	Provisions	D10	(163)
(115,970)	(132,189)	Long Term Borrowing	D4	(127,923)
(79,434)	(99,735)	Other Long Term Liabilities	D4 & D22	(72,950)
(476)	(32)	Capital Grants Receipts in Advance	D15	(4)
(197,037)	(233,143)	Long Term Liabilities		(201,773)
312,421	333,064	Net Assets		399,163
(47,101)	(50,744)	Usable Reserves	D11	(56,946)
(265,320)	(282,320)	Unusable Reserves	D12	(342,217)
(312,421)	(333,064)	Total Reserves		(399,163)

These financial statements replace the unaudited financial statements certified by the Chief Financial Officer (Jon Hudson) on 9 June 2016.



Date: 9 March 2017

CASH FLOW STATEMENT

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

2014/15			2015/16
Restated			
£000's			£000's
(33,995)	Net (surplus) or deficit on the provision of services		(25,301)
17,847	Adjust net surplus or deficit on the provision of services for non cash movements	Note E1	13,924
-	Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities		-
(16,148)	Net cash flows from Operating Activities		(11,377)
36,909	Investing Activities	Note E2	12,818
(16,514)	Financing Activities	Note E3	3,430
4,247	Net (increase) or decrease in cash and cash equivalents		4,871
(19,626)	Cash and cash equivalents at the beginning of the reporting period		(15,379)
(15,379)	Cash and cash equivalents at the end of the reporting period	Note D8	(10,508)

SECTION A: NOTES TO THE CORE FINANCIAL STATEMENTS

A1. Accounting Policies

A1.1 General Principles

The glossary of financial terms provides definitions of the accounting terms used in the Statement of Accounts.

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016.

The Accounting policies adopted by the Council have not changed during the year and have been applied in a consistent basis throughout the year.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. The 2015 Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 based on International Financial Reporting Standards (IFRS) and the Service Reporting Code of Practice 2015/16, taking into account any subsequent accounting guidance such as Local Authority Accounting Panel (LAAP) bulletins and any statutory requirements.

The Statement of Accounts has been prepared with reference to:

- The objective of providing information about the financial position, performance and cash flows in a way that meets the 'common need of most users'.

It has the following underlying assumption:

- Going concern basis – The accounts are prepared on the assumption that the local Council will continue to operate for the foreseeable future.

There are the following qualitative characteristics:

- Understandability - Every effort has been made to make the accounts as easy to understand as possible. Nevertheless, an assumption has been made that the reader will have a reasonable knowledge of accounting and local government. Where the use of technical terms has been unavoidable, an explanation has been provided in the Glossary of Terms.
- Relevance - The accounts are prepared so as to provide readers with information about the Council's financial performance and position that is useful for assessing the stewardship of public funds and for making economic decisions.
- Materiality - In using its professional judgement, the Council considers the size and nature of any transaction, or set of transactions. An item is considered material where its omission would reasonably change the substance.
- Reliability - The accounts are prepared on the basis that the financial information contained within them is reliable, i.e. they are free from material error, deliberate or systematic bias, complete within the bounds of materiality and represent faithfully what they intend to represent. Where there is uncertainty in measuring or recognising the existence of assets, liabilities, income and expenditure then caution or prudence has been used as a basis to inform the selection and application of accounting policies and estimation techniques.
- Comparability - A consistent approach to accounting policies is used in preparing the accounts to ensure that it may be compared to previous years. Where there is a change in accounting policy that has material effect on information, this has been disclosed.
- Timeliness - The accounts are prepared on a timely basis taking account of all events during the year and also those that have happened post the balance sheet date to help with readers understanding of the accounts.
- Verifiability - The information provided in these accounts is such that independent observers could reach consensus that it represents a faithful representation.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets (current assets in terms of assets held for sale) and financial instruments.

A1.2 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 Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed, where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those rendered by the Council's officers) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- The full cost of employees is charged to the accounts of the period within which the employee worked. Accruals are made for salaries and other employee benefits (e.g. annual leave – see separate accounting policy 'Employee Benefits') earned but unpaid at the year end, where material. No accrual is made for flexi leave, maternity leave or sickness, as the amounts are immaterial.
- 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 there is evidence that debts are unlikely to be settled, the balance of receivables is written down (impaired) and a charge made to revenue for the income that might not be collected.

A1.3 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 investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash, without penalty, with insignificant risk of change in value. All investments are held for the purpose of gain/return.

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

A1.4 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 Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

The Council made adjustments to its prior year figures for the following items:

- Heritage Assets
- Ipswich Buses Pension
- Accumulated Depreciation
- Assets Held for Sale
- Enhancement expenditure on Council Dwellings

Further details of the reasons for the changes and the changes to the primary financial statements are shown in Note A7.

A1.5 Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual provision from revenue (known as the Minimum Revenue Provision or MRP) to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by 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. MRP is not required on the HRA, although Voluntary MRP can be charged.

A1.6 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as salaries, paid annual leave and paid sick leave, and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Council. Where material, an accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following accounting period, being the period in which the employee takes the benefit. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulated Absences Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service lines within the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Account when the Council 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 or HRA balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme, administered by Suffolk County Council. The scheme is accounted for as a defined benefits scheme.

The liabilities of the pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.

Contribution rates, which are included in the Accounts, are determined by triennial actuarial valuations. The rates payable in 2015/16 were determined by the valuation on 31 March 2013.

Liabilities are discounted to their value at current prices, using a discount rate equivalent using the following indices:

- The UBS corporate bond curve (derived by applying the UBS delta curve fitting methodology to the constituents of the iBoxx £ Corporates Index) for durations up to 8 years
- From 12 years onwards use a gilts curve plus a long term average credit spread of 1% p.a.
- Interpolate between the two approaches for durations between 8 and 12 years.

The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value

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

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Net interest on the net defined liability (asset), ie net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result on contribution and benefit payments.

Remeasurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

A1.7 Events after the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect.

A1.8 Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

A1.9 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost.

For loans from the Public Works Loans Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. Where a financial instrument has a maturity of less than 12 months or is a trade or other payable, the fair value is taken to be the principal outstanding or the billed amount.

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

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/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 Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid, or in accordance with the item 8 determination with respect to the Housing Revenue Account debt. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund or HRA is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are then measured at their amortised cost.

Loans receivable prevailing benchmark market rates have been used to provide the fair value. Where a financial instrument has a maturity of less than 12 months or is a trade or other receivable, the fair value is taken to be the principal outstanding or the billed amount.

Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, 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.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the 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.

The carrying amount of receivables is adjusted for doubtful debts, which are provided for, and known uncollectible debts are written off. An annual contribution to the impairment provision is made allowing for likely bad debt levels to ensure the provision is maintained at a satisfactory level.

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

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. 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, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments - discounted cash flow analysis

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus/Deficit on Revaluation of Available-for-Sale Financial Assets line in the Comprehensive Income and Expenditure Statement. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain/loss for the asset accumulated in the Available-for-sale Reserve.

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 (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, 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. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains/losses previously recognised in the Available for Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

A1.10 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 weighted average costing formula.

A1.11 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments, and
- The grants or contributions will be received

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching 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 acquired using 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 payables. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions), or Taxation and Non-Specific Grant Income (non-ring-fenced 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 Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

A1.12 Interests in Companies and Other Entities

Summarised group financial statements have been produced to reflect the Council's material interests in companies and other entities that have the nature of subsidiaries and jointly controlled entities. In the Council's own single-entity accounts, the interests in companies and other entities are recorded at cost, less any provision for losses. The Council's only related company is Ipswich Buses Limited, a company set up by the Council under the Transport Act 1985.

A1.13 Fair Value Measurement

The Council measures some of its non-financial assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. 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 Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interest).

When measuring the fair value of a non-financial asset, the Council 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 Council uses the appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets;

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.

A1.14 Investment Properties

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

Expenditure on the acquisition, creation or enhancement of Investment Property is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost or fair value 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.

Investment properties are measured initially at cost and subsequently at fair value, based on the highest and best use value of the asset from the market participants perspective.

Investment Properties are not depreciated but are revalued annually to ensure they are held at highest and best use value 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.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the 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.

A1.15 Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation. The Council is involved in two such operations, the joint arrangement with Colchester Borough Council for the running of a joint Museums Service and the Shared Revenues Partnership with Babergh and Mid-Suffolk District Councils.

A1.16 Leases

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

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

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

The Council as Lessor

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Lease Type Arrangements

Where the Council enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset (e.g. an item of property, plant or equipment) in return for a payment or series of payments, the arrangement is accounted for as a lease as detailed above.

A1.17 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2015/16 (SERCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between Service Areas in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SERCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services. The recharge of overheads and support services to service areas is on the following basis:

- Central, Administrative and Technical Departments - Time spent/volume related charge
- Office Accommodation - Charge related to area occupied

A1.18 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. Assets valued at £10,000 or more are included in the Accounts.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

The Council does capitalise borrowing costs if the scheme meets the requirement where borrowing costs can be capitalised.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

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

- Assets under construction and Community Assets– historical cost
- Council Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)

- Surplus Assets - the current value measurement is fair value, estimates at highest and best use from a market participant's perspective
- Other Land & Buildings – current value, using a valuation method appropriate for the asset in its existing use
- Infrastructure, Vehicles Plant Furniture and Equipment and Intangible Assets – depreciated historical cost

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

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

The assets were last revalued on 31 March 2014 by the Council's internal valuers. Subsequent revaluations will be carried out at intervals of no more than 5 years. Where there has been significant change in an asset it has been revalued accordingly.

Council dwellings have been revalued as at 31 March 2016 in accordance with the requirements of Resource Accounting for the Housing Revenue Account.

The valuation of land and buildings is undertaken by professionally qualified valuers.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Gains are credited to the appropriate line(s) in the Surplus or Deficit on Provision of Services (up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised) where they arise from the reversal of a revaluation loss previously charged to the Surplus or Deficit on Provision of Services.

Where decreases in value are identified, the revaluation loss is accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement.

When an asset is re-valued (revaluation gain and revaluation loss), any accumulated depreciation and impairment at the date of valuation is eliminated against the gross carrying amount of the asset and the net amount restated to the re-valued amount of the asset.

Revaluation gains and revaluation 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.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement.

In exceptional cases where an impairment loss is reversed subsequently on the same asset, the reversal is credited to the relevant service line(s) in the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation 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 basis:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles plant furniture and equipment, and Intangible Assets – straight line over the assessed useful life
- Infrastructure – straight-line allocation over 25 years.

Depreciation is recognised in the appropriate line(s) in the Surplus or Deficit on Provision of Services. Depreciation is not permitted to have an impact on the General Fund Balance. The depreciation is therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Assets Held for Sale

If the carrying amount of an asset will be recovered principally through a sale transaction, that is highly probable to complete within one year from the date of classification, rather than through its continuing use, it is reclassified as a Current Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses recognised in the Surplus or Deficit on Provision of Services on the same asset (up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised. Depreciation is not charged on Assets Held for Sale. Where assets are expected to be sold beyond 12 months of the end of the financial year, but the delay in the completion of the sale is beyond the Council's control and there is sufficient evidence that the Council remains committed to the plan to sell the asset, the assets are classified as Non-Current Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts (disposals of £10,000 or below are treated as revenue). A proportion of receipts relating to housing disposals is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed 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.

Componentisation

Where an item of Property, Plant and Equipment is of significant value in relation to the overall asset portfolio and has major components whose cost is significant in relation to the total cost of the asset, the components are depreciated separately.

The Council will apply a de minimis limit of £500,000, below which assets will not be componentised because the asset is not considered significant in relation to the overall value of the Council's asset portfolio. For those above this de minimis limit, there will be a separate de minimis to only consider those components that are significant in relation to the total cost of the asset (20% or above of the total cost). These de minimis limits will be assessed on a regular basis to ensure that the levels are appropriate and do not materially affect the depreciation calculation.

Componentisation for depreciation purposes is applicable to enhancement and acquisition expenditure incurred, and revaluations carried out, from 1 April 2010.

Where part of a Property, Plant and Equipment asset is replaced, the cost of the replacement is recognised in the carrying value of the asset and the carrying amount of those parts that are replaced is derecognised. This recognition and derecognition takes place regardless of whether the replaced part had been depreciated separately.

The Council carried out a componentisation exercise in 2013/14 as part of the revaluation exercise as at 31 March 2014 and this has been reflected in the accounts.

Reclassifications to Investment Property

Where Property, Plant and Equipment meet the criteria for Investment Property, the asset is reclassified to Investment Property. The asset is revalued immediately before reclassification to Investment Property with any remaining balance on the Revaluation Reserve 'frozen' until such time it is reclassified.

A1.19 Heritage Assets

The Code of Practice on local Council accounting in the United Kingdom 2015/16 defines heritage assets as those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

Heritage assets include historical buildings, archaeological sites, military and scientific equipment of historical importance, historic motor vehicles, civic regalia, order and decorations (medals), museum and gallery collections and works of art.

The council holds a range of heritage assets. These include the museum collections which are categorised as follows:

Fine Art, Decorative Art, Archaeology, Geology/Biology/Zoology, Ethnography, Local/Social History, Civic Regalia, Costume and Books and Archives.

Other heritage assets held include a number of public art works, statues, war memorials and other items. These are held with the primary objective of increasing the knowledge, understanding and appreciation of local and national history.

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The Council includes various properties within its asset base (e.g. museum buildings, town hall, regent theatre). Although these are historical buildings, they are operational assets i.e. the Council uses them to deliver its services. These are included within property, plant and equipment and valued/depreciated accordingly. The Council's collections of heritage assets are accounted for as follows:

Museum Collections

The Museum Collection is valued as per the insurance valuation, which under the Code of Practice is an acceptable measure of valuation. Previously, the 'significant' objects were valued on an individual basis, but not all objects were valued and therefore those objects were not previously recognised in the accounts.

Public Art/Statues/War Memorials

The Council has a number of public art works, statues and war memorials around the borough. There is no readily available valuation held by the Council for the majority of these assets and no definitive market value for these type of assets as they are not normally traded. The Council believes that the benefits of obtaining a valuation for these items to the user of the accounts would not justify the cost given the specialised nature of these assets. As such the Council has generally not recognised these assets on the balance sheet. The exception is where cost information is available, in these instances the assets are recognised on the balance sheet at cost.

Heritage Assets - General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see accounting policy for property, plant and equipment. The council may occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment.

Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see accounting policy for property, plant and equipment).

For those assets held on the balance sheet they are deemed to have indeterminate lives and a high residual value. Therefore the Council does not consider it appropriate to charge depreciation.

The museums collection is managed by the Colchester and Ipswich Museums Service and they work to ensure the assets are maintained and preserved.

The Public Art/Statues/War Memorials are managed by the Property Services section who ensure the assets are maintained and preserved.

A1.20 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

Provisions are classified on the Balance Sheet as short term (due to be settled within 12 months of the financial year end) or long term (due to be settled over 12 months of the financial year end). For long term provisions where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The unwinding of the discount due to the passage of time is recognised as interest within Surplus or Deficit on the Provision of services.

A1.21 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund or HRA Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund or HRA Balance in the Movement in Reserves Statement so that there is no net charge against council tax or Council house rents for the expenditure.

For each reserve established, the purpose, usage and the basis of transactions are clearly identified. Reserves include earmarked reserves set aside for specific policy purposes and balances that represent resources set aside for purposes such as general contingencies and cash flow management.

Capital reserves are not available for revenue purposes and certain of them can only be used for specific statutory purposes.

The Major Repairs Reserve is required by statutory provision to be established in relation to the HRA in England. The items to be credited to the Major Repairs Reserve are an amount equal to HRA depreciation for the year, and transfers from the HRA required by statutory provision. The former is debited to the Capital Adjustment Account and the latter to the statement of movement on the HRA balance. The amounts debited to the Major Repairs Reserve are expenditure for the HRA capital purposes, repayment of principal on amounts borrowed and transfers to the HRA required by statutory provision.

A1.22 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service lines in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund or HRA Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax or council house rents.

A1.23 Value Added Tax

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

A2 Accounting Standards that have been issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

This applies to the adoption of the following new or amended standards within the 2016/17 Code.

- Amendments to IAS 19 Employee Benefits
- Annual Improvements to IFRSs (2010 - 2012 Cycle).
- Annual Improvements to IFRSs (2012 - 2014 Cycle).
- Amendment to IFRS 11 Joint Arrangements
- Amendment to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
- Amendments to IAS 1 Presentation of Financial Statements

The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/16 Statement of Accounts.

The above amendments are not expected to have a material impact on the Statement of Accounts.

A3 Critical Judgements in applying Accounting Policies

In applying the accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- Influences on going concern, such as future levels of funding for local government – The future funding for local authorities has a high degree of uncertainty. The Council has set aside amounts in working balances and reserves which it believes are appropriate based on local circumstances including the overall budget size, risks, robustness of budgets, major initiatives being undertaken, budget assumptions, other earmarked reserves and provisions and the Council's track record in financial management.

The Council's budget strategy for 2015/16 was approved in February 2015.

- Whether other entities with which the Council has a relationship are subsidiaries, associates or jointly controlled entities - The list of corporate partnerships was reviewed and updated and each was then analysed to determine the nature of the relationship and therefore the proper accounting treatment. Of all the partnerships, there was only one, Ipswich Buses Limited, a subsidiary, that requires consolidation in the accounts and the impact is shown in the Group Accounts.

A4 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 Council 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 Council's Balance Sheet at 31 March 2016 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
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 Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the discount rate assumption would result in an increase in the pension liability of £31.104m; a 1 year increase in member life expectancy would result in an increase in the pension liability of £9.129m; a 0.5% increase in the salary increase rate would result in an increase in the pension liability of £8.836m; a 0.5% increase in the pension increase rate would result in an increase in the pension liability of £21.791m.

Arrears	At 31 March 2016, the Council had a balance of sundry receivables of £4.649m. A review of significant balances suggested that an impairment of doubtful debts of approx 22% (£1.034m) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.		If collection rates were to deteriorate, a further 50% increase impairment of doubtful debts would require an additional £0.517m to be set aside as an allowance.
Property, Plant and 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 Council 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. It is estimated that the annual depreciation charge for Council Dwellings would increase by £60,000 for every year that useful lives had to be reduced.
Provisions	The Council has made a provision of £0.542m, for the possible settlement of outstanding insurance claims based on information provided by its insurers. It is not certain that all of the claims provided for will result in a payout or that the amount provided for will match the payments made.		An increase over the forthcoming year of 10% in either the total number of claims or the estimated average settlement would each have the effect of adding £54200 to the provision needed.

A5 Material items of Income and Expense

There are no individually material items of Income and Expense which are not disclosed elsewhere in the Statement of Accounts.

A6 Events after the Balance Sheet date

Following the majority vote to end the UK's membership of the European Union (EU) in the EU Referendum held on 23 June 2016 there is a heightened level of volatility in the financial markets and increased macroeconomic uncertainty in the UK. The immediate volatility is expected to continue into the medium term and it is probable there will be weakening of the UK economy. The Council's treasury management strategy, as detailed in note D16 identifies how it mitigates against credit risk, liquidity risk and market risk on its investments. The Council monitors its counterparty credit ratings on a daily basis. There is likely to be an impact on our property valuations if confidence in the wider UK property market falls and the valuation of Ipswich Borough Council's defined pension obligations may also be affected. The Council is not receiving any direct EU funding. It is too early to estimate the quantum of any impact on the financial statements, and there is likely to be significant ongoing uncertainty for a number of months while the UK renegotiates its relationships with the EU and other nations. For the purposes of these financial statements, the Referendum is considered a non-adjusting event.

Executive Committee on 8 March 2016 agreed to establish a generic trading company limited by shares to enable the Council to make use of the power given in the Localism Act 2011 to enable trading for a commercial purpose. The company will be wholly owned by the Council.

Ipswich Borough Assets was incorporated on 7 April 2016.

As at 31 March 2016, the Council had not purchased any share capital of Ipswich Borough Assets.

There were no transactions between Ipswich Borough Council and Ipswich Borough Assets during the accounting period ending on 31 March 2016. This is a non-adjusting balance sheet event.

A7 Prior period adjustments

The entries below show the effect the prior year adjustments have made on the primary financial statements in the single entity accounts. All of the changes below have been reflected in the Group accounts.

Heritage Assets

The Museum Collection is valued as per the insurance valuation, which under the Code of Practice is an acceptable measure of valuation. Previously, the 'significant' objects were valued on an individual basis, but not all objects were valued and therefore those objects were not previously recognised in the accounts. This change is retrospective and has an effect on the Council's balance sheet for prior year. The detailed changes are shown in Note D3.

The effect on the 2014/15 MIRS is:

	As previously stated 2014/15 Movements	Restatement	Restated 2014/15 Movements
	£000's	£000's	£000's
Balance as at 1 April 2014	(264,714)	(52,343)	(317,057)
Other Comprehensive Income and Expenditure	(18,306)	11,526	(6,780)
Total Comprehensive Income and Expenditure	(32,632)	11,526	(21,106)
Net (Increase)/Decrease before transfers to Earmarked Reserves	(32,632)	11,526	(21,106)
(Increase)/Decrease	(32,632)	11,526	(21,106)
Balance as at 31 March 2015 carried forward	(297,347)	(40,817)	(338,164)

The effect on the 2014/15 CIES is:

	As previously stated 2014/15 Movements	Restatement	Restated 2014/15 Movements
	£000's	£000's	£000's
(Surplus) or deficit on revaluation of non current assets	(35,803)	11,526	(24,277)
Other Comprehensive Income and Expenditure	(18,306)	11,526	(6,780)
Total Comprehensive Income and Expenditure	(32,632)	11,526	(21,106)

The effect on the Council's balance sheet is:

	Opening Balance as at 1 April 2014	Restatement	Restated Opening Balance as at 1 April 2014
	£000's	£000's	£000's
Heritage Assets	47,781	52,343	100,124
Long Term Assets	438,531	52,343	490,874
Net Assets	264,714	52,343	317,057
Unusable Reserves	(217,613)	(52,343)	(269,956)
Total Reserves	(264,714)	(52,343)	(317,057)

	Closing Balance as at 31 March 2015	Restatement	Restated Closing Balance as at 31 March 2015
	£000's	£000's	£000's
Heritage Assets	59,307	40,817	100,124
Long Term Assets	508,696	40,817	549,513
Net Assets	297,347	40,817	338,164
Unusable Reserves	(246,603)	(40,817)	(287,420)
Total Reserves	(297,347)	(40,817)	(338,164)

Ipswich Buses Pension

In 2011 the Ipswich Buses defined benefit pension scheme merged with the Ipswich Borough Council defined benefit scheme. However Ipswich Buses and Ipswich Borough Council continued to account for their own elements of the defined benefit scheme without their own accounts. The liability for the pension fund rests with Ipswich Borough Council and Ipswich Buses makes a contribution towards it element of the fund. Ipswich Borough Council has received an actuaries report for the whole scheme and the single entity accounts have been amended. The detailed changes are shown in Note D22.

The effect on the 2014/15 MIRS is:

	As previously stated 2014/15 Movements	Restatement	Restated 2014/15 Movements
	£000's	£000's	£000's
Balance as at 1 April 2014			
- Unusable Reserves	(217,613)	4,636	(212,977)
- Total Authority Reserves	(264,714)	4,636	(260,078)
(Surplus) or deficit on the provision of services			
- GF	2,596	(89)	2,507
- HRA	(16,922)	147	(16,775)
- Total	(14,326)	58	(14,268)
Other Comprehensive Income and Expenditure	(18,306)	408	(17,898)
Total Comprehensive Income and Expenditure			
- Total Usable Reserves	(14,326)	58	(14,268)
- Unusable Reserves	(18,306)	408	(17,898)
- Total Authority Reserves	(32,632)	466	(32,166)
Adjustments between accounting basis and funding basis under regulations			
- GF	(3,184)	89	(3,095)
- HRA	12,590	(147)	12,443
- Total	10,685	(58)	10,627
Net (Increase)/Decrease before transfers to Earmarked Reserves	(32,632)	466	(32,166)
(Increase)/Decrease	(32,632)	466	(32,166)
Balance as at 31 March 2015 carried forward			
- Unusable Reserves	(246,603)	5,101	(241,502)
- Total Authority Reserves	(297,347)	5,101	(292,246)

The effect on the 2014/15 CIES is:

	As previously stated 2014/15 Movements	Restatement	Restated 2014/15 Movements
	£000's	£000's	£000's
Highways and Transport Services			
- Gross Income	(3,270)	(167)	(3,437)
- Net Expenditure	(494)	(167)	(661)
Local Authority Housing (HRA)			
- Gross Expenditure	15,955	(462)	15,493
- Net Expenditure	(20,064)	(462)	(20,526)
Non Distributed Costs			
- Gross Income	(484)	462	(22)
- Net Expenditure	(484)	462	(22)
Cost of Services			
- Gross Expenditure	117,979	(462)	117,517
- Gross Income	(112,433)	295	(112,138)
- Net Expenditure	5,546	(167)	5,379
Financing and Investment Income and Expenditure			
- Gross Expenditure	19,859	815	20,674
- Gross Income	(13,350)	(590)	(13,940)
- Net Expenditure	6,509	225	6,734
(Surplus) or Deficit on Provision of Services	(14,326)	58	(14,268)
Remeasurement of the net defined benefit liability/ (asset)	17,543	407	17,950
Other Comprehensive Income and Expenditure	(18,306)	407	(17,899)
Total Comprehensive Income and Expenditure	(32,632)	465	(32,167)

The effect on the Council's balance sheet is:

	Opening Balance as at 1 April 2014	Restatement	Restated Opening Balance as at 1 April 2014
	£000's	£000's	£000's
Other Long Term Liabilities	(74,798)	(4,636)	(79,434)
Long Term Liabilities	(192,401)	(4,636)	(197,037)
Net Assets	264,714	(4,636)	260,078
Unusable Reserves	(217,613)	4,636	(212,977)
Total Reserves	(264,714)	4,636	(260,078)

	Closing Balance as at 31 March 2015	Restatement	Restated Closing Balance as at 31 March 2015
	£000's	£000's	£000's
Other Long Term Liabilities	(94,634)	(5,101)	(99,735)
Long Term Liabilities	(228,042)	(5,101)	(233,143)
Net Assets	297,347	(5,101)	292,246
Unusable Reserves	(246,603)	5,101	(241,502)
Total Reserves	(297,347)	5,101	(292,246)

The effect on the Council's Cash Flow Statement is:

	As previously stated 2014/15 Movements	Restatement	Restated 2014/15 Movements
	£000's	£000's	£000's
Net (surplus) or deficit on the provision of Services	(14,326)	58	(14,326)
Adjust net surplus or deficit on the provision of services for non cash movements	(1,822)	(58)	(1,880)

The effect on the Council's HRA Income and Expenditure Statement and Movement on the HRA Statement is:

	As previously stated 2014/15 Movements	Restatement	Restated 2014/15 Movements
	£000's	£000's	£000's
Supervision and Management	5,953	(462)	5,491
Total Expenditure	15,814	(462)	15,352
Net Cost/(Income) of HRA Services per Comprehensive Income and Expenditure Statement	(20,205)	(462)	(20,667)
Net Cost/(Income) of HRA Services	(20,064)	(462)	(20,526)
Net interest on the defined benefit liability	-	609	609
(Surplus)/Deficit for year on HRA Services	(16,922)	(462)	(17,384)
Adjustments between accounting basis and funding basis under statute	12,590	(147)	12,443

Accumulated Depreciation

The Council has always shown the correct net book value of its assets in its balance sheet. However the accumulated depreciation has not been written out from the cost and valuation of assets and accumulated depreciation when revaluations have been carried out.

Note D1 to the accounts has been amended to reflect the writing out of accumulated depreciation:

	Opening Balance as at 1 April 2014	Restatement	Restated Opening Balance as at 1 April 2014
	£000's	£000's	£000's
Cost or Valuation	537,552	(151,949)	385,603
Accumulated Depreciation	(160,611)	151,949	(8,662)
Net Book Value	376,941	-	376,941

	Closing Balance as at 31 March 2015	Restatement	Restated Closing Balance as at 31 March 2015
	£000's	£000's	£000's
Cost or Valuation	589,904	(155,781)	434,123
Accumulated Depreciation	(167,237)	155,781	(11,456)
Net Book Value	422,667	-	422,667

Assets Held for Sale

The Council has always accounted for all assets sold as going through our Assets Held for Sale account. The accounts have now been amended to show only those assets held for sale as at 31 March being the only assets to pass through the Assets Held for sale account. The detailed changes for this amendment are reflected in Note D8.

The effect on the Council's balance sheet is:

	Opening Balance as at 1 April 2014	Restatement	Restated Opening Balance as at 1 April 2014
	£000's	£000's	£000's
Property, Plant & Equipment	376,941	580	377,521
Long Term Assets	438,531	580	439,111
Assets Held for Sale	580	(580)	-
Current Assets	38,742	(580)	38,162
Net Assets	(264,714)	-	(264,714)

	Closing Balance as at 31 March 2015	Restatement	Restated Closing Balance as at 31 March 2015
	£000's	£000's	£000's
Property, Plant & Equipment	422,667	425	423,092
Long Term Assets	508,696	425	509,121
Assets Held for Sale	1,275	(425)	850
Current Assets	36,006	(425)	35,581
Net Assets	(297,347)	-	(297,347)

Enhancement expenditure on Council Dwellings

The Council has always written off enhancement expenditure on Council Dwellings as the assets get revalued every year. By not allocating the expenditure to individual assets this has resulted in a higher balance in the Revaluation reserve and a lower balance on the Capital Adjustment Account. The enhancement expenditure has now been allocated to individual assets and the Revaluation reserve and Capital Adjustment account have been adjusted accordingly. The detailed changes of this amendment are reflected in Notes D12.1 and D12.3.

The effect on the 2014/15 MIRS is:

	As previously stated 2014/15 Movements	Restatement	Restated 2014/15 Movements
	£000's	£000's	£000's
(Surplus) or deficit on the provision of services			
- HRA	(16,922)	(19,727)	(36,649)
- Total	(14,326)	(19,727)	(34,053)
Total Comprehensive Income and Expenditure			
- HRA	(16,922)	(19,727)	(36,649)
- Total	(14,326)	(19,727)	(34,053)
Adjustments between accounting basis and funding basis under regulations			
- HRA	12,590	19,727	32,317
- Total	10,685	19,727	30,412

The effect on the 2014/15 CIES is:

	As previously stated 2014/15 Movements	Restatement	Restated 2014/15 Movements
	£000's	£000's	£000's
Local Authority Housing (HRA)			
- Gross Expenditure	15,955	(19,727)	(3,772)
- Net Expenditure	(20,064)	(19,727)	(39,791)
Cost of Services			
- Gross Expenditure	117,979	(19,727)	98,252
- Net Expenditure	5,546	(19,727)	(14,181)
(Surplus) or Deficit on Provision of Services	(14,326)	(19,727)	(34,053)
(Surplus) or deficit on revaluation of non current assets	(35,803)	19,727	(16,076)
Total Comprehensive Income and Expenditure	(32,632)	(19,727)	(52,359)

The effect on the Council's Cash Flow Statement is:

	As previously stated 2014/15 Movements	Restatement	Restated 2014/15 Movements
	£000's	£000's	£000's
Net (surplus) or deficit on the provision of Services	(14,326)	(19,727)	(34,053)
Adjust net surplus or deficit on the provision of services for non cash movements	(1,822)	19,727	17,905

The effect on the Council's HRA Income and Expenditure Statement and Movement on the HRA Statement is:

	As previously stated 2014/15 Movements	Restatement	Restated 2014/15 Movements
	£000's	£000's	£000's
Depreciation and Impairment of Non-Current Assets	3,440	(19,727)	(16,287)
Total Expenditure	15,814	(19,727)	(3,913)
Net Cost/(Income) of HRA Services per Comprehensive Income and Expenditure Statement	(20,205)	(19,727)	(39,932)
Net Cost/(Income) of HRA Services	(20,064)	(19,727)	(39,791)
(Surplus)/Deficit for year on HRA Services	(16,922)	(19,727)	(36,649)
Adjustments between accounting basis and funding basis under statute	12,590	19,727	32,317

The revised Revaluation reserve and Capital Adjustment account balances which are part of the Unusable reserves in the balance sheet are:

	Opening Balance as at 1 April 2014	Restatement	Restated Opening Balance as at 1 April 2014
	£000's	£000's	£000's
Revaluation Reserve	(88,593)	5,113	(83,480)
Capital Adjustment Account	(203,701)	(5,113)	(208,814)
Unusable Reserves	(217,613)	-	(217,613)

	Closing Balance as at 31 March 2015	Restatement	Restated Closing Balance as at 31 March 2015
	£000's	£000's	£000's
Revaluation Reserve	(122,837)	24,756	(98,081)
Capital Adjustment Account	(218,739)	(24,756)	(243,495)
Unusable Reserves	(246,603)	-	(246,603)

SECTION B: NOTES TO MOVEMENT IN RESERVE STATEMENT**Note B1****Adjustments between Accounting Basis and Funding Basis under Regulations**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against:

General Fund Balance

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

Housing Revenue Account Balances

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for the Council's housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function, or (where in deficit) that is required to be recovered from tenants in future years.

Capital Receipts Reserve

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

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which controls the application of the Major Repairs Allowance (MRA). The MRA is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Note B1**Adjustments between Accounting Basis and Funding Basis under Regulations**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

	Usable Reserves					Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	
2014/15	£000's	£000's	£000's	£000's	£000's	£000's
Adjustments primarily involving the Capital Adjustment Account:						
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>						
Charges for depreciation and impairment of non current assets	(2,643)	(3,983)	-	-	-	6,626
Revaluation losses on Property, Plant & Equipment	(1,659)	20,226	-	-	-	(18,567)
Movements in the fair value of Investment Properties	(604)	-	-	-	-	604
Amortisation of intangible assets	(17)	-	-	-	-	17
Capital grants and contributions that have been applied to capital financing	3,565	-	-	-	707	(4,272)
Revenue expenditure funded from capital under statute	(1,126)	-	-	-	-	1,126
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	464	880	(5,016)	-	-	3,672
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>						
Voluntary provision for the financing of capital investment	1,612	2,753	-	-	-	(4,365)
Capital expenditure charged against the General Fund and HRA balances	93	4,362	-	-	-	(4,455)
Adjustments primarily involving the Capital Receipts Reserve:						
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(507)	-	507	-	-	-
Capital Receipts applied to fund Capital Expenditure	-	-	5,040	-	-	(5,040)
Transfer from Capital Receipts Deferred to Capital Receipts Reserve	-	-	(2)	-	-	2

Note B1 2014/15 continued	Usable Reserves					Movement in Unusable Reserves £000's
	General Fund Balance £000's	Housing Revenue Account £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grants Unapplied Account £000's	
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	-	8,392	-	(8,392)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	8,552	-	(8,552)
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(11)	(22)	-	-	-	33
Adjustments primarily involving the Pension Reserve:						
Reversal of items relating to the post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(7,225)	(1,568)	-	-	-	8,793
Employer's pension contributions and direct payments to pensioners payable in year	5,210	1,130	-	-	-	(6,340)
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	78	-	-	-	-	(78)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax/NNDR income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(443)	-	-	-	-	443
Sub-total Adjustments	(3,213)	32,170	529	160	707	(30,353)
Miscellaneous Adjustment	-	-	1	-	-	(1)
Total Adjustments	(3,213)	32,170	530	160	707	(30,354)

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure.

Note B1 2015/16	General Fund Balance £000's	Housing Revenue Account £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grants Unapplied Account £000's	Movement in Unusable Reserves £000's
Adjustments primarily involving the Capital Adjustment Account:						
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</u>						
Charges for depreciation and impairment of non current assets	(3,115)	(9,882)	-	-	-	12,997
Revaluation losses on Property, Plant & Equipment	(98)	17,815	-	-	-	(17,717)
Movements in the fair value of Investment Properties	(114)	-	-	-	-	114
Amortisation of intangible assets	(1)	-	-	-	-	1
Capital grants and contributions that have been applied to capital financing	4,665	-	-	-	(66)	(4,599)
Revenue expenditure funded from capital under statute	(5,020)	-	-	-	-	5,020
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	1,451	1,327	(7,453)	-	-	4,675
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</u>						
Voluntary provision for the financing of capital investment	1,924	2,831	-	-	-	(4,755)
Capital expenditure charged against the General Fund and HRA balances	78	5,727	-	-	-	(5,805)
Adjustments primarily involving the Capital Receipts Reserve:						
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(573)	-	573	-	-	-
Capital Receipts applied to fund Capital Expenditure	-	-	5,618	-	-	(5,618)
Transfer from Capital Receipts Deferred to Capital Receipts Reserve	-	-	-	-	-	-

	Usable Reserves					Movement in Unusable Reserves £000's
	General Fund Balance £000's	Housing Revenue Account £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grants Unapplied Account £000's	
Note B1						
2015/16 continued						
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	-	8,672	-	(8,672)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	7,422	-	(7,422)
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(14)	(28)	-	-	-	42
Adjustments primarily involving the Pension Reserve:						
Reversal of items relating to the post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(7,899)	(1,660)	-	-	-	9,559
Employer's pension contributions and direct payments to pensioners payable in year	5,281	1,110	-	-	-	(6,391)
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	75	3	-	-	-	(78)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax/NNDR income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(878)	-	-	-	-	878
Total Adjustments	(4,238)	25,915	(1,262)	(1,250)	(66)	(19,099)

Note B2**Transfers to/from Earmarked Reserves**

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2014/15 and 2015/16.

Earmarked reserves are held for unspent monies where its use has been identified for a specific purpose or the funds are ring-fenced.

	Balance at 1 April 2014 £000's	Transfers Out 2014/15 £000's	Transfers In 2014/15 £000's	Balance at 31 March 2015 £000's	Transfers Out 2015/16 £000's	Transfers In 2015/16 £000's	Balance at 31 March 2016 £000's
General Fund:							
Transport Realisation Account	(252)	-	-	(252)	-	-	(252)
Insurance	(1,458)	339	-	(1,119)	129	-	(990)
Service Based Reserves	(1,090)	300	(501)	(1,291)	235	-	(1,056)
Repairs and Renewals	(459)	50	(100)	(509)	67	(77)	(519)
Business Rates Reserve	(247)	-	(495)	(742)	-	(1,257)	(1,999)
Legacies	(115)	25	-	(90)	-	-	(90)
Capital Financing	(66)	93	(115)	(88)	78	(102)	(112)
Revenue Grants Reserve	(1,680)	24	-	(1,656)	-	(24)	(1,680)
Section 106 Grants	(1,209)	-	(118)	(1,327)	421	-	(906)
Total	(6,576)	831	(1,329)	(7,074)	930	(1,460)	(7,604)
Housing Revenue Account:							
Capital Financing	(5,543)	4,362	(6,204)	(7,385)	5,727	(7,140)	(8,798)
Repairs & Renewals	(500)	-	-	(500)	-	-	(500)
Sheltered Scheme Energy Provn	(103)	-	-	(103)	-	-	(103)
IT Reserves	(252)	23	-	(229)	-	-	(229)
Community Caretakers Provision	(42)	10	-	(32)	-	-	(32)
Welfare Reforms Reserve (HRA)	-	-	-	-	-	(500)	(500)
HRA Insurance Reserve	-	-	(71)	(71)	-	(87)	(158)
Total	(6,440)	4,395	(6,275)	(8,320)	5,727	(7,727)	(10,320)

SECTION C - NOTES TO COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**Note C1****Other Operating Expenditure**

2014/15				2015/16		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000's	£000's	£000's		£000's	£000's	£000's
507	-	507	Payments to the Government Housing Capital Receipts Pool	573	-	573
3,672	(4,931)	(1,259)	Loss/(Gain) on the disposal of non current assets	4,675	(7,415)	(2,740)
-	(85)	(85)	Capital Receipts not from disposal of non current assets	-	(38)	(38)
4,179	(5,016)	(837)	Total	5,248	(7,453)	(2,205)

Note C2**Finance and Investment Income and Expenditure**

2014/15 Restated				2015/16		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000's	£000's	£000's		£000's	£000's	£000's
3,962	(4,046)	(84)	Losses/(Gains) on trading operations (note C5)	2,136	(2,117)	19
4,128	-	4,128	Interest payable and similar charges	4,117	-	4,117
11,980	(8,562)	3,418	Net interest on the defined benefit liability (asset)	10,506	(7,315)	3,191
-	(271)	(271)	Interest receivable and similar income	-	(320)	(320)
604	-	604	Changes in the fair value of investment properties	114	-	114
-	(1,061)	(1,061)	Investment properties income	-	(1,051)	(1,051)
20,674	(13,940)	6,734	Total	16,873	(10,803)	6,070

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure.

Note C3**Taxation and Non-Specific Grant Income and Expenditure**

2014/15 Restated				2015/16		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000's	£000's	£000's		£000's	£000's	£000's
-	(11,615)	(11,615)	Council tax income	-	(12,237)	(12,237)
-	(22,078)	(22,078)	Non domestic rates income	-	(22,776)	(22,776)
17,591	-	17,591	Non domestic rates tariff	17,927	-	17,927
255	-	255	Non domestic rates levy	232	-	232
-	(5,907)	(5,907)	Non-ringfenced government grants	-	(4,790)	(4,790)
-	(3,565)	(3,565)	Capital grants and contributions	-	(4,665)	(4,665)
17,846	(43,165)	(25,319)	Total	18,159	(44,468)	(26,309)

Note C4**Exceptional Item**

There were no exceptional items in 2015/16 (2014/15: Nil).

Note C5**Trading Undertakings**

The following table provides a summary of the turnover and surplus or deficit for each of the services originally established, in accordance with the Local Government, Planning and Land Act 1980 or the Local Government Act 1988. The accounts are no longer subject to the directions and regulations made under those Acts but much of the work of these services continues to be undertaken in a competitive environment (i.e. the right to undertake work has been won in competition against other bidders for the work).

	Income	Expenditure	(Surplus)/ Deficit reported in CIES
	£000's	£000's	£000's
2014/15			
Building Maintenance (Maintenance of Council Dwellings)	(4,046)	3,962	(84)
Total	(4,046)	3,962	(84)
2015/16			
Building Maintenance (Maintenance of Council Dwellings)	(2,117)	2,136	19
Total	(2,117)	2,136	19

A number of other Council services are involved in a significant level of trading with third parties. The turnover and surplus/deficit of these services are included within the Net Cost of Services in the Comprehensive Income and Expenditure Account and include the following: -

Other Trading Services Summary

	2014/15				2015/16		
	Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
	£000's	£000's	£000's		£000's	£000's	£000's
	1,733	(1,237)	496	Corporate Properties	1,780	(1,113)	667
	3,600	(2,649)	951	Council Halls/Theatres	3,999	(3,093)	906
	1,287	(2,407)	(1,120)	Car Parks	1,317	(2,427)	(1,110)
	503	(669)	(166)	Crematorium	449	(692)	(243)
	1,257	(1,260)	(3)	Trade Refuse	1,103	(1,318)	(215)
	8,380	(8,222)	158	Total	8,648	(8,643)	5

The year on year variation in Net Expenditure identified above is partly due to further variations in Capital Charges following asset revaluations, the effect of which is shown as follows:

2014/15				2015/16		
Gross Expenditure excluding Capital Charges £000's	Gross Income £000's	Net Expenditure excluding Capital Charges £000's		Gross Expenditure excluding Capital Charges £000's	Gross Income £000's	Net Expenditure excluding Capital Charges £000's
617	(1,237)	(620)	Corporate Properties	482	(1,113)	(631)
3,488	(2,649)	839	Council Halls/Theatres	3,857	(3,093)	764
1,267	(2,407)	(1,140)	Car Parks	1,283	(2,427)	(1,144)
443	(669)	(226)	Crematorium	399	(692)	(293)
1,237	(1,260)	(23)	Trade Refuse	1,092	(1,318)	(226)
7,052	(8,222)	(1,170)	Total	7,113	(8,643)	(1,530)

Note C6**Grant Income**

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2015/16 as follows:

2014/15 Restated £000's		2015/16 £000's
	Credited to Taxation and Non-Specific Grant Income and Expenditure	
	Other General Grants:	
(4,359)	Revenue Support Grant	(2,993)
(1,548)	New Homes Bonus Grant	(1,797)
(5,907)	Non-ringfenced Government Grants	(4,790)
	Capital Grants and Contributions:	
(3,565)	Capital Contributions Income	(4,665)
(3,565)		(4,665)
	Credited to Services	
(53,859)	DWP Grants	(53,735)
(53,859)	Total	(53,735)

Note C7**Councillor Allowances**

The Council paid the following amounts to Councillors of the Council during the year.

2014/15 £000's		2015/16 £000's
180	Salaries	179
106	Allowances	107
1	Expenses	1
287	Total	287

Note C8**Audit and Inspection**

In 2015/16, the Council incurred the following fees relating to external audit inspection:

2014/15 £000's		2015/16 £000's
99	Fees paid to the appointed auditor with regard to external audit services carried out by the appointed auditor	75
5	Fees paid in respect of other services provided by the appointed auditor - Audit of Decriminalised Parking	5
37	Fees paid to the appointed auditor for the certification of grant claims and returns	25
141	Total Fees	105

Note C9**Officer Emoluments**

The number of employees, including Senior Officers, whose remuneration including redundancy payments where applicable, but excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

2014/15		2015/16	
Number of employees	Remuneration band	Number of employees	
1	£50,000 - £54,999	2	
1	£55,000 - £59,999	3	
2	£60,000 - £64,999	0	
4	£65,000 - £69,999	2	
0	£70,000 - £74,999	0	
1	£75,000 - £79,999	1	
0	£80,000 - £84,999	1	
2	£85,000 - £89,999	0	
0	£90,000 - £94,999	0	
1	£95,000 - £99,999	1	

The following table sets out the remuneration disclosures for Senior Officers for 2015/16, whose salary is equal to or more than £50,000 per year.

Postholder Information (Post Title)	Salary (Including Fees & Allowances)	Expenses Allowances	Compensation for loss of Office (Incl Redundancy Payments)	Total Remuneration excluding Pension Contributions 2015/16	Pension Contributions	Total Remuneration including Pension Contributions 2015/16
				£		£
Chief Executive	99,225	-	-	99,225	16,968	116,193
Chief Operating Officer	78,244	-	-	78,244	-	78,244
Head of Resource Management	67,109	-	-	67,109	11,476	78,585
Head of Development 1	23,393	290	-	23,683	4,000	27,683
Head of Development & Public Protection 2	10,966	179	39,053	50,198	1,875	52,073
Head of Housing (GF) & Community	67,822	53	-	67,875	11,476	79,351
Head of Culture & Environment 3	49,876	56	-	49,932	8,529	58,461
Operations Manager Finance & Procurement (Section 151 Officer)	54,781	-	-	54,781	9,063	63,844
Total	451,416	578	39,053	491,047	63,387	554,434

There were no payments towards Benefits in Kind (e.g. Car Allowance) in 2015/16 (2014/15 £nil)

Note 1: Postholder started 23/11/2015. Their annualised salary is £65,794.

Note 2: Post disestablished & postholder left 31/05/2015. Their annualised salary was £65,794.

Note 3: Postholder left 03/01/2016. Their annualised salary was £65,794.

The following table sets out the remuneration disclosures for Senior Officers for 2014/15, whose salary is equal to or more than £50,000 per year.

Postholder Information (Post Title)	Salary (Including Fees & Allowances)	Expenses Allowances	Compensation for loss of Office (Incl Redundancy Payments)	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
	£	£	£	£	£	£
Chief Executive	97,765	-	-	97,765	16,718	114,483
Chief Operating Officer	75,581	-	-	75,581	-	75,581
Head of Corporate Services	19,623	4	67,169	86,796	3,248	90,044
Head of Resource Management	66,025	-	-	66,025	11,290	77,315
Head of Development & Public Protection	63,463	85	-	63,548	10,852	74,400
Head of Housing & Customer Services	66,726	53	-	66,779	11,290	78,069
Head of Community & Cultural Services	63,463	-	-	63,463	10,852	74,315
Operations Manager Finance & Procurement (Section 151 Officer)	57,994	-	-	57,994	9,105	67,099
Total	510,640	142	67,169	577,951	73,355	651,306

Note 1: Post disestablished and postholder left on 13 July 2014. Their annualised salary was £67,852.

All the above Officers are eligible to be members of the Local Government Pension Scheme. The rules of the scheme are set at national level and the employer pension contributions for members, for current service cost, are 17.1% of annual pay. In addition, each officer who is a member contributes between 8.5% and 10.5% of their salary to the fund, in line with national rules.

The Expenses Allowances above does not include expenses that the officers concerned were eligible to claim, but did not wish to do so.

Exit Packages

The numbers of exit packages with total cost per band and the total cost of the compulsory and other redundancies are set out in the table below:

a) Exit package cost band (including special payments)	b) Number of compulsory redundancies		c) Number of other departures agreed		d) Total number of exit packages by cost band [(b) + (c)]		e) Total cost of exit packages in each band	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
								£
£0 - £20,000	2	2	8	5	10	7	41,889	69,655
£20,001 - £40,000	-	3	2	1	2	4	61,896	113,270
£40,001 - £60,000	-	-	2	1	2	1	101,668	42,349
£60,001 - £80,000	-	1	1	1	1	2	66,787	150,723
£80,001 - £100,000	-	-	1	-	1	-	93,738	-
£100,001 - £150,000	-	-	2	-	2	-	241,525	-
£150,001 - £200,000	-	-	1	-	1	-	171,697	-
Totals	2	6	17	8	19	14	779,200	375,997

Note C10**Related Parties**

The Council is required to disclose details of transactions with related parties. Related parties are generally either individuals or organisations that could exert direct or indirect control over the other party or where the parties to a transaction are subject to common control from the same source.

Ipswich Buses Limited is a wholly owned subsidiary of Ipswich Borough Council and details of related party transactions are contained within the Group Accounts. The following Directors of Ipswich Buses Limited are members of Ipswich Borough Council: - Inga Lockington, Peter Gardiner. The Head of Housing and Community Services is also a Non-Executive Director.

During 2015/16 the Council incurred expenditure of £478K (2014/15 - £489K) and received income of £217K (2014/15 - £278K) in dealings with Ipswich Buses Limited. The net amount owed to Ipswich Buses Limited by the Council as at 2015/16 is £22k (2014/15 - £43K)

UK Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefit). Grants received from government departments are set out in the subjective analysis in note C12 on reporting for resources allocation decisions and are shown in note C6.

Members of the Council have direct control over the Council's financial and operating policies. The total of councillor allowances paid in 2015/16 is shown in note C7. A Register of Councillors' Interests is kept as required by the Local Government Act 2000. The Council paid grants totalling £390,422 to voluntary organisations in which Councillors had either positions on the governing body or were observers for the Council. In addition to grants given to these bodies a further £176,968 was spent by the Council with these bodies in 2015/16.

The Chief Executive is a board member at University Campus Suffolk Ltd and an independent director of Ipswich Primary Academies Trust. The Council has undertaken transactions with both organisations in the normal course of operation, the values of which are not material to either party. The other Chief Officer's do not have any material transactions with related parties.

The Council is involved in two joint arrangements, with Colchester Borough Council for the running of a joint Museums Service and with Babergh and Mid-Suffolk District Councils for the Shared Revenues Partnership .

No other material transactions have been identified for disclosure, which are not already disclosed elsewhere in the Statement of Accounts.

Note C11**Financial Instruments Gains and Losses**

	2014/15				2015/16			
	Financial Liabilities	Financial Assets			Financial Liabilities	Financial Assets		
	Liabilities measured at amortised cost	Loans and Receivables	Available-for-sale assets	Total	Liabilities measured at amortised cost	Loans and Receivables	Available-for-sale assets	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Interest expense	(4,128)	-	-	(4,128)	(4,117)	-	-	(4,117)
Losses on derecognition	-	-	-	-	-	-	-	-
Reductions in Fair Value	-	-	-	-	-	-	-	-
Impairment (losses)/gains	-	-	-	-	-	-	-	-
Fee expense	-	-	-	-	-	-	-	-
Total expense in Surplus or Deficit on the Provision of Services	(4,128)	-	-	(4,128)	(4,117)	-	-	(4,117)
Interest income	-	271	-	271	-	320	-	320
Interest income accrued on impaired financial assets	-	-	-	-	-	-	-	-
Increases in Fair Value	-	-	-	-	-	-	-	-
Gains on derecognition	-	-	-	-	-	-	-	-
Fee income	-	-	-	-	-	-	-	-
Total income in Surplus or Deficit on the Provision of Services	-	271	-	271	-	320	-	320
Gains on revaluation	-	-	50	50	-	-	-	-
Losses on revaluation	-	-	(4)	(4)	-	-	-	-
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	-	-	-	-	-	-	-	-
Surplus/ Deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	46	46	-	-	-	-
Net (Loss)/Gain for the year	(4,128)	271	46	(3,811)	(4,117)	320	-	(3,797)

Note C12**Amounts Reported for Resource Allocation Decisions**

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council's Executive Committee on the basis of budget reports analysed across Heads of Service. These reports are prepared on a different basis from the accounting policies used in the financial statements. 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 pensions contributions) rather than current service cost of benefits accrued in the year;
- expenditure on some support services is budgeted for centrally and not charged to Heads of Service.

During 2015/16, the Council undertook a management restructure and reduced the number of service groups. The 2014/15 figures have been restated to show what the income and expenditure would have been during 2014/15 if these service groupings were in place then, and to provide prior year comparators.

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure.

The income and expenditure of the Council's Heads of Service recorded in the budget reports for the year is as follows:

Heads of Service Income & Expenditure 2015/16							
	Resource Management	Development	Local Authority Housing (HRA)	Housing and Community Services	Culture and Environment Services	Corporate Management Team	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Government Grants	(53,735)	-	-	-	-	-	(53,735)
Other Grants, Reimbursements & Contributions	(773)	(328)	(721)	(556)	(1,863)	(216)	(4,457)
Sales	-	-	(50)	(2)	(710)	(1)	(763)
Fees & Charges	(1,126)	(969)	(1,849)	(3,808)	(9,857)	(569)	(18,178)
Rents	-	(1,896)	(35,492)	(292)	(257)	(14)	(37,951)
Interest	-	-	-	-	-	-	-
Recharges to Other Accounts	(474)	-	(18)	(290)	(26)	(3)	(811)
Total Income	(56,108)	(3,193)	(38,130)	(4,948)	(12,713)	(803)	(115,895)
Employee expenses	5,217	2,235	5,181	4,532	10,522	2,388	30,075
Premises	7	1,237	3,445	942	3,590	51	9,272
Transport	12	47	220	63	1,124	5	1,471
Supplies & Services	5,270	1,693	3,021	1,734	5,254	870	17,842
Third Party Payments	-	37	-	-	809	-	846
Transfer Payments	53,194	-	-	-	-	-	53,194
Recharges from Other Accounts	-	-	-	-	-	-	-
Capital Financing	-	-	-	-	-	-	-
Total Operating Expenses	63,700	5,249	11,867	7,271	21,299	3,314	112,700
Net Cost of Services	7,592	2,056	(26,263)	2,323	8,586	2,511	(3,195)

Heads of Service Income & Expenditure 2014/15 Comparative Figures Restated							
	Resource Management	Development	Local Authority Housing (HRA)	Housing and Community Services	Culture and Environment Services	Corporate Management Team	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Government Grants	(53,859)	-	-	-	-	-	(53,859)
Other Grants, Reimbursements & Contributions	(1,501)	(532)	(679)	(391)	(1,947)	(162)	(5,212)
Sales	-	(3)	-	-	(509)	(2)	(514)
Fees & Charges	(1,187)	(1,067)	(2,044)	(3,680)	(8,501)	(509)	(16,988)
Rents	-	(1,924)	(34,879)	(185)	(294)	(17)	(37,299)
Interest	-	-	-	-	-	-	-
Recharges to Other Accounts	(827)	-	(18)	(253)	(27)	-	(1,125)
Total Income	(57,374)	(3,526)	(37,620)	(4,509)	(11,278)	(690)	(114,997)
Employee expenses	5,208	2,168	4,920	4,195	10,290	2,392	29,173
Premises	6	2,334	3,658	848	3,023	51	9,920
Transport	15	52	272	53	1,213	6	1,611
Supplies & Services	5,285	1,149	2,933	1,586	5,052	978	16,983
Third Party Payments	-	49	-	-	764	-	813
Transfer Payments	52,672	-	-	-	-	-	52,672
Recharges from Other Accounts	-	-	-	-	-	-	-
Capital Financing	-	-	-	-	-	-	-
Total Operating Expenses	63,186	5,752	11,783	6,682	20,342	3,427	111,172
Net Cost of Services	5,812	2,226	(25,837)	2,173	9,064	2,737	(3,825)

Reconciliation of Heads of Service Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement.

This reconciliation shows how the figures in the analysis of Heads of Service income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

2014/15		2015/16
Restated		
£000's		£000's
(3,825)	Cost of Services in Service Analysis	(3,195)
-	Add service not included in main analysis	-
(10,748)	Add amounts not reported to management	338
-	Remove amounts reported to management not included in CIES	-
(14,573)	Net Cost of Services in Comprehensive Income and Expenditure Statement	(2,857)

Reconciliation to Subjective Analysis

	Service Analysis	Services not in Analysis	Not reported to management	Not included in I&E	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
2015/16	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Fees, charges & other service income	(62,160)	-	-	-	-	(62,160)	-	(62,160)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	(1,371)	(1,371)
Surplus or deficit on trading undertakings	-	-	-	-	-	-	19	19
Income from council tax	-	-	-	-	-	-	(12,237)	(12,237)
Government grants and contributions	(53,735)	-	-	-	-	(53,735)	(14,072)	(67,807)
Total Income	(115,895)	-	-	-	-	(115,895)	(27,661)	(143,556)
Employee expenses	30,075	-	-	-	-	30,075	-	30,075
Other service expenses	82,625	-	-	-	-	82,625	-	82,625
Recharges from Other Accounts	-	-	-	-	-	-	-	-
Depreciation, amortisation and impairment	-	-	338	-	-	338	-	338
Interest Payments	-	-	-	-	-	-	4,117	4,117
Pension interest cost and expected return on pensions assets	-	-	-	-	-	-	3,191	3,191
Investment Impairment charge	-	-	-	-	-	-	114	114
Precepts & Levies	-	-	-	-	-	-	-	-
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	573	573
(Gain) or Loss on Disposal of Fixed Assets	-	-	-	-	-	-	(2,778)	(2,778)
Total Operating Expenses	112,700	-	338	-	-	113,038	5,217	118,255
(Surplus) or deficit on the provision of services	(3,195)	-	338	-	-	(2,857)	(22,444)	(25,301)

Reconciliation to Subjective Analysis

	Service Analysis	Services not in Analysis	Not reported to management	Not included in I&E	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
2014/15 Comparative Figures	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Fees, charges & other service income	(61,138)	-	-	-	-	(61,138)	-	(61,138)
Surplus or deficit on associates and joint ventures	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	(1,332)	(1,332)
Surplus or deficit on trading undertakings	-	-	-	-	-	-	(84)	(84)
Income from council tax	-	-	-	-	-	-	(11,615)	(11,615)
Government grants and contributions	(53,859)	-	-	-	-	(53,859)	(13,704)	(67,563)
Total Income	(114,997)	-	-	-	-	(114,997)	(26,735)	(141,732)
Employee expenses	29,173	-	-	-	-	29,173	-	29,173
Other service expenses	81,999	-	-	-	-	81,999	-	81,999
Recharges from Other Accounts	-	-	-	-	-	-	-	-
Depreciation, amortisation and impairment	-	-	(10,748)	-	-	(10,748)	-	(10,748)
Interest Payments	-	-	-	-	-	-	4,128	4,128
Pension interest cost and expected return on pensions assets	-	-	-	-	-	-	3,418	3,418
Investment Impairment charge	-	-	-	-	-	-	604	604
Precepts & Levies	-	-	-	-	-	-	-	-
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	507	507
(Gain) or Loss on Disposal of Fixed Assets	-	-	-	-	-	-	(1,344)	(1,344)
Total Operating Expenses	111,172	-	(10,748)	-	-	100,424	7,313	107,737
(Surplus) or deficit on the provision of services	(3,825)	-	(10,748)	-	-	(14,573)	(19,422)	(33,995)

SECTION D - NOTES TO THE BALANCE SHEET**Note D1****Property, Plant and Equipment - Movement on Balances
2014/15**

	Council dwellings £000's	Other land and buildings £000's	Vehicles, plant, furniture & equipment £000's	Infrastructure assets £000's	Community assets £000's	Surplus assets £000's	Assets under construction £000's	Total Property, Plant and Equipment £000's
Cost or Valuation								
At 1 April 2014	303,535	61,987	12,173	1,458	6,726	304	-	386,183
Additions / Donations	9,891	14,607	1,383	48	2,492	-	4,883	33,304
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	2,930	1,317	-	-	-	12	-	4,259
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	18,491	(3,494)	-	-	-	-	-	14,997
Impairment increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	(650)	-	-	-	-	-	-	(650)
Assets reclassified (to)/from Investment Property	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Other Land & Buildings	-	59	-	-	-	-	-	59
Assets reclassified (to)/from Assets Under Construction	-	-	-	-	-	-	-	-
Derecognition - Disposals	(2,443)	(1,160)	-	-	-	-	-	(3,603)
At 31 March 2015	331,754	73,316	13,556	1,506	9,218	316	4,883	434,549
Accumulated Depreciation and Impairment								
At 1 April 2014	(1)	(634)	(7,571)	(456)	-	-	-	(8,662)
Depreciation charge	(3,598)	(1,792)	(1,140)	(96)	-	-	-	(6,626)
Depreciation written out to the Revaluation Reserve	8	12	-	-	-	-	-	20
Depreciation written out to the Surplus/Deficit on the Provision of Services	3,580	221	-	-	-	-	-	3,801
Impairment losses/ (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - Disposals	10	-	-	-	-	-	-	10
At 31 March 2015	(1)	(2,193)	(8,711)	(552)	-	-	-	(11,457)
Net Book Value								
At 1 April 2014	303,534	61,353	4,602	1,002	6,726	304	-	377,521
At 31 March 2015	331,753	71,123	4,845	954	9,218	316	4,883	423,092

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure.

2015/16

	Council dwellings £000's	Other land and buildings £000's	Vehicles, plant, furniture & equipment £000's	Infrastructure assets £000's	Community assets £000's	Surplus assets £000's	Assets under construction £000's	Total Property, Plant and Equipment £000's
Cost or Valuation								
At 1 April 2015	331,754	73,316	13,556	1,506	9,218	316	4,883	434,549
Additions / Donations	15,201	2,046	537	224	99	291	1,023	19,421
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	8,023	442	-	-	-	2,061	-	10,526
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	14,062	(476)	-	-	-	(224)	-	13,362
Impairment increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,545)	(186)	-	-	-	-	-	(5,731)
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Investment Property	-	-	-	-	-	9,600	-	9,600
Assets reclassified (to)/from Other Land & Buildings	-	166	-	-	-	(166)	-	-
Assets reclassified (to)/from Assets under Construction	4,883	(290)	-	-	-	-	(4,593)	-
Derecognition - Disposals	(3,464)	(199)	(31)	-	-	(13)	-	(3,707)
At 31 March 2016	364,914	74,819	14,062	1,730	9,317	11,865	1,313	478,020
Accumulated Depreciation and Impairment								
At 1 April 2015	(1)	(2,193)	(8,711)	(552)	-	-	-	(11,457)
Depreciation charge	(3,863)	(2,402)	(1,116)	(71)	-	-	-	(7,452)
Depreciation written out to the Revaluation Reserve	68	228	-	-	-	-	-	296
Depreciation written out to the Surplus/Deficit on the Provision of Services	3,776	602	-	-	-	-	-	4,378
Impairment losses/ (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses/ (reversals) recognised in the Surplus/Deficit on the Provision of Services	-	186	-	-	-	-	-	186
Derecognition - Disposals	19	4	24	-	-	-	-	47
At 31 March 2016	(1)	(3,575)	(9,803)	(623)	-	-	-	(14,002)
Net Book Value								
At 31 March 2015	331,753	71,123	4,845	954	9,218	316	4,883	423,092
At 31 March 2016	364,913	71,244	4,259	1,107	9,317	11,865	1,313	464,018

Depreciation

The following useful lives have been used in the calculation of depreciation:

- Council dwellings: 60 years
- Other buildings: 5 to 75 years
- Vehicles, plant, furniture and equipment: 1 to 10 years
- Infrastructure assets: 25 years

Commitments Under Capital Contracts

Capital Commitments greater than £250,000 as at 31 March 2016:

Scheme	Amount £000's	Period of investment	Purpose of investment
Ipswich Standard	12,979	1 year	Investment to ensure decent homes standard is met
Crown Street Multi Storey Car Park	1,006	1 year	To provide car park facilities in Ipswich
Ipswich Flood Defence	2,600	1 year	To help protect Ipswich
Christchurch Mansion	997	1 year	Investment in Ipswich's Heritage assets
Ransomes Sports Centre	387	1 year	To provide leisure facilities in Ipswich
Elm Street Car Park	375	1 year	To provide car park facilities in Ipswich
Sproughton Road Site	1,343	1 year	To help bring the site back into use
Outstanding	19,687		

Effects of changes in estimates

The Council did not make any material changes to its accounting estimates for property, plant and equipment.

Revaluations

The Council ensures that all property, plant and equipment required to be measured at fair value is revalued every five years. The last such valuation was carried out by the Council's own valuers who carried out an independent valuation of the Council's property assets as at 31 March 2014. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. The Council's Operations Manager, Asset and Property, who carried out the asset valuation in 2013/14, has confirmed that all valuations reflect impairment and depreciation where appropriate.

All surplus assets have been valued at Fair Value in accordance with IFRS13. The fair value hierarchy categorises three levels of inputs to valuation techniques to measure fair value as detailed below:

- 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.

All the Council's surplus assets and investment properties have been assessed as Level 2 on the fair value hierarchy for valuation purposes.

The fair value of surplus assets and investment properties have been measured using a market approach, which takes into account quoted process for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

In ascertaining the fair value of the Council's surplus assets and investment properties the ultimate aim is to arrive at the notional "Highest and Best use value" for the asset either as a stand-alone asset or in combination with other assets within the principal market whilst ensuring that any alternative use is physically, legally and financially possible.

This has been achieved for these purposes by comparing the "current use" of the asset to the notional "alternative use" based on potential redevelopment on a land value basis for the site(s).

The significant assumptions applied in estimating the fair values are:

- That good title can be shown and all valid planning permissions and statutory approvals are in place, or are likely to be obtained
- That there are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation
- That an inspection of those parts not inspected would not reveal defects that would affect the valuation

Note D2 Investment Properties

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

2014/15 £000's		2015/16 £000's
13,467	Balance at start of the year	23,415
10,670	Additions	1
(59)	Disposals	(159)
(604)	Net gains/(losses) from fair value adjustments	(114)
(59)	Transfers To/from Property, Plant and Equipment	(9,600)
23,415	Balance at end of the year	13,543

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2014/15 £000's		2015/16 £000's
(1,061)	Rental income from Investment Property	(1,051)
-	Direct operating expenses arising from Investment Property	-
(1,061)	Net gain	(1,051)

The adoption of IFRS13 has changed the measurement requirements for assets classified as investment properties and this change has been reflected in the valuation of investment properties.

Note D3**Heritage Assets**

Movements in 2014/15	£000's
Cost or Valuation - Gross Carrying Amount (GCA)	
At 1 April 2014	100,124
Additions	180
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(180)
At 31 March 2015	<u><u>100,124</u></u>
Accumulated Depreciation & Impairment	
At 1 April 2014	-
Depreciation charge	-
At 31 March 2015	<u>-</u>
Net Book Value	
At 31 March 2015	<u><u>100,124</u></u>
Movements in 2015/16	£000's
Cost or Valuation - Gross Carrying Amount (GCA)	
At 1 April 2015	100,124
Additions	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-
At 31 March 2016	<u><u>100,124</u></u>
Accumulated Depreciation & Impairment	
At 1 April 2015	-
Depreciation Charge	-
At 31 March 2016	<u>-</u>
Net Book Value	
At 31 March 2016	<u><u>100,124</u></u>

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure.

Note D4

Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long-term		Current	
	31 March 2015 £000's	31 March 2016 £000's	31 March 2015 £000's	31 March 2016 £000's
Investments:				
Loans and Receivables	3,004	-	11,064	22,092
Available-for-sale financial assets	50	50	-	-
Total investments	3,054	50	11,064	22,092
Cash and Cash Equivalents:				
Cash held by officers	-	-	375	249
Bank current accounts	-	-	15,004	10,259
Total Cash and Cash Equivalents	-	-	15,379	10,508
Receivables:				
Financial assets carried at contract amounts	1	-	7,882	3,438
Total receivables	1	-	7,882	3,438
Borrowings:				
Financial liabilities at amortised cost	(132,189)	(127,923)	(3,171)	(4,241)
Total borrowings	(132,189)	(127,923)	(3,171)	(4,241)
Other Long Term Payables:				
Section 106	(914)	(708)	-	-
Finance lease liabilities	-	-	(26)	-
Total Other Long Term Payables	(914)	(708)	(26)	-
Payables:				
Financial liabilities carried at contract amounts	(64)	(25)	(8,702)	(6,514)
Total payables	(64)	(25)	(8,702)	(6,514)

Under accounting requirements the carrying value of the financial instruments shown in the Balance Sheet includes the principal amount plus any accrued interest as at 31 March.

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure.

Financial Instruments

Fair Values of Assets and Liabilities

Financial assets (represented by loans and receivables) and financial liabilities are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other payables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

31 March 2015 Restated			31 March 2016	
Carrying amounts	Fair Value		Carrying amounts	Fair Value
£000's	£000's		£000's	£000's
135,360	167,761	Financial Liabilities	132,164	171,316
8,766	8,766	Payables	(6,539)	(6,539)
144,126	176,527		125,625	164,777

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date.

31 March 2015			31 March 2016	
Carrying amounts	Fair Value		Carrying amounts	Fair Value
£000's	£000's		£000's	£000's
14,068	14,077	Loans and receivables	22,092	22,092
7,883	7,883	Receivables	3,438	3,438
21,951	21,960		25,530	25,530

Available for sale assets are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument.

Note D5 Inventories

The basis for valuation of inventories are described in note A1.13 to the Statement of Accounting Policies.

	Ipswich Borough Contracts		Other Services		Total	
	2014/15 £000's	2015/16 £000's	2014/15 £000's	2015/16 £000's	2014/15 £000's	2015/16 £000's
Balance outstanding at start of year	266	286	132	129	398	415
Purchases	670	637	600	606	1,270	1,243
Recognised as an expense in the year	(650)	(622)	(603)	(609)	(1,253)	(1,231)
Balance outstanding at year-end	286	301	129	126	415	427

Note D6 Receivables

31 March 2015 Restated £000's			31 March 2016 £000's
1,133	Central government bodies		3,039
871	Other local authorities		673
16	NHS bodies		8
-	Public corporations and trading funds		-
	Other entities and individuals:		
5,334	Sundry Receivables		4,649
1,316	Council Tax		1,202
568	Non Domestic Rates		475
793	Housing Rents		875
10,031			10,921
	Less Provision for Bad Debts:		
(831)	Sundry Receivables		(1,034)
(673)	Council Tax		(647)
(325)	Non Domestic Rates		(279)
(361)	Housing Rents		(457)
7,841	Total		8,504

The Housing Rents Bad Debt Provision was established under the terms of the Housing and Local Government Act 1989 to cover bad debts on Council dwellings relating to a period prior to 1 April 1990. Annual provision continues to be made to cover debts arising since that date.

The Sundry Receivables Bad Debt provision was established to cover bad debts arising from, in particular, commercial rents and housing benefit overpayments.

Note D7 Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2015		31 March 2016
£000's		£000's
375	Cash held by officers	249
15,004	Bank current accounts	10,259
<u>15,379</u>	Total cash and cash equivalents	<u>10,508</u>

Note D8 Assets Held for Sale

	Current		Non-Current	
	2014/15	2015/16	2014/15	2015/16
	Restated £000's	£000's	£000's	£000's
Balance outstanding at start of year	-	850	-	-
Assets newly classified as held for sale:				
Property, plant and equipment	650	-	-	-
Additions	-	5	-	-
Revaluation losses recognised in the Surplus/Deficit on the Provision of Services	(25)	-	-	-
Revaluation gains recognised in the Revaluation Reserve	225	-	-	-
Assets sold	-	(855)	-	-
Balance outstanding at year end	<u>850</u>	<u>-</u>	<u>-</u>	<u>-</u>

All of the current assets held for sale are classified as current assets as they are expected to be sold in the next 12 months from the balance sheet date.

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure.

Note D9 Payables

31 March 2015		31 March 2016
Restated		
£000's		£000's
(1,329)	Central government bodies	(792)
(1,220)	Other local authorities	(1,500)
(19)	NHS bodies	(12)
-	Public corporations and trading funds	-
	Other entities and individuals	
(8,257)	Sundry Receivables	(6,736)
(847)	Council Tax	(958)
(1,900)	Non Domestic Rates	(1,154)
(606)	Housing Rents	(867)
(14,178)	Total	(12,019)

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure.

Note D10 Provisions

Provisions are defined in note A1.20 to the Statement of Accounting Policies. Movements during the year were as follows:

	Accumulated Absences Account £000's	Non-domestic rates £000's	Insurance £000's	Total £000's
Restated Balance at 1 April 2015	422	1,020	698	2,140
Used	(78)	(9)	(269)	(356)
Reversed	-	-	(192)	(192)
New	-	595	305	900
Balance at 31 March 2016	344	1,606	542	2,492

The Insurance Provision at 31 March 2016 represents funds set aside for the purpose of providing for liabilities, which are likely or certain to be incurred but are uncertain as to the amount or the date on which they will arise.

Insurance claims are met by an Insurance fund operated by the Council. Insurance premiums are paid into the fund from the revenue account by services requiring insurance cover. Insurance claims less than the policy excesses, and policy excesses, are then met from the Insurance Fund. Risks covered by the fund include: Employers Liability; Third Party Claims; Property; Motor Vehicles; Terrorism and Officials Indemnity within agreed excess levels.

The Non-domestic rates provision at 31 March 2016 represents funds set aside to settle appeals that have been made, but not settled.

	Current £000's	Non-Current £000's	Total £000's
Balance at 1 April 2015	1,931	209	2,140
Balance at 31 March 2016	2,329	163	2,492

The current provision is for items that are expected to be settled within the next 12 months.

For the non-current provision, it is not possible to determine the timing of any potential settlements.

Note D11**Usable Reserves**

31 March 2015		31 March 2016
Restated		
£000's		£000's
(12,222)	General Fund Balance	(12,397)
(7,074)	Earmarked General Fund Reserves	(7,604)
(7,148)	Housing Revenue Account (HRA)	(8,067)
(8,320)	Earmarked HRA Reserves	(10,320)
(15,504)	Capital Receipts Reserve	(16,766)
(71)	Major Repairs Reserve	(1,321)
(405)	Capital Grants Unapplied Account	(471)
(50,744)	Total Usable Reserves	(56,946)

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and notes B1 and B2.

Note D12**Unusable Reserves**

31 March 2015		31 March 2016
Restated		
£000's		£000's
(138,899)	Revaluation Reserve	(147,857)
(50)	Available-for-sale Financial Instruments Reserve	(50)
(243,495)	Capital Adjustment Account	(268,491)
(143)	Financial Instruments Adjustment Account	(101)
99,735	Pensions Reserve	72,950
110	Collection Fund Adjustment Account	988
-	Deferred Capital Receipts Reserve	-
422	Accumulated Absences Account	344
(282,320)	Total Unusable Reserves	(342,217)

Note D12.1 Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost
- 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 into the balance on the Capital Adjustment Account.

2014/15 Restated £000's		2015/16 £000's
(135,824)	Balance at 1 April	(138,899)
(5,243)	Upward revaluation of assets	(10,857)
693	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	12
(4,550)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	(10,845)
1,425	Difference between fair value depreciation and historical cost depreciation	797
50	Accumulated gains on assets sold or scrapped	1,090
1,475	Amount written off to the Capital Adjustment Account	1,887
<u>(138,899)</u>	Balance at 31 March	<u>(147,857)</u>

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure.

Note D12.2 Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Council 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.

2014/15 £000's		2015/16 £000's
(4)	Balance at 1 April	(50)
(50)	Upward revaluation of investments	-
4	Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	-
-	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	-
<u>(50)</u>	Balance at 31 March	<u>(50)</u>

Note D12.3 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 enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair values to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

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.

Note B1 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2014/15 Restated £000's (208,814)		2015/16 £000's (243,495)
	Balance at 1 April	
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
6,626	Charges for depreciation and impairment of non current assets	12,997
(18,567)	Revaluation losses on Property, Plant and Equipment	(17,717)
17	Amortisation of intangible assets	1
1,126	Revenue expenditure funded from capital under statute	5,020
3,672	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	4,675
(7,126)		4,976
(1,475)	Adjusting amounts written out of the Revaluation Reserve	(1,887)
(8,601)	Net written out amount of the cost of non current assets consumed in the year	3,089
	Capital financing applied in the year:	
(5,040)	Use of the Capital Receipts Reserve to finance new capital expenditure	(5,618)
(8,552)	Use of the Major Repairs Reserve to finance new capital expenditure	(7,422)
(4,272)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(4,599)
-	Application of grants to capital financing from the Capital Grants Unapplied Account	-
(4,365)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(4,755)
(4,455)	Capital expenditure charged against the General Fund and HRA balances	(5,805)
(26,684)		(28,199)
604	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	114
-	Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	-
(243,495)	Balance at 31 March	(268,491)

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure.

Note D12.4 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 benefiting from gains per statutory provisions.

2014/15 £000's		2015/16 £000's
(176)	Balance at 1 April	(143)
-	Discounts incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-
(10)	Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	(2)
43	Proportion of discounts incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	44
33	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	42
(143)	Balance at 31 March	(101)

Note D12.5 Pensions Reserve

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

2014/15 Restated £000's		2015/16 £000's
79,332	Balance at 1 April	99,735
17,950	Remeasurements of the net defined benefit liability	(29,953)
8,793	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	9,559
(6,340)	Employer's pensions contributions and direct payments to retirees payable in the year	(6,391)
99,735	Balance at 31 March	72,950

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure.

Note D12.6 Collection Fund Adjustment Account

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

2014/15 £000's		2015/16 £000's
(333)	Balance at 1 April	110
443	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	878
110	Balance at 31 March	988

Note D12.7 Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council 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.

2014/15 £000's		2015/16 £000's
(2)	Balance at 1 April	-
-	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-
2	Transfer to the Capital Receipts Reserve upon receipt of cash	-
-	Balance at 31 March	-

Note D12.8 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.

2014/15 £000's		2015/16 £000's
500	Balance at 1 April	422
(500)	Settlement or cancellation of accrual made at the end of the preceding year	(422)
422	Amounts accrued at the end of the current year	344
(78)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(78)
422	Balance at 31 March	344

Note D13**Capital Expenditure and Capital Financing**

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), 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. The CFR is analysed in the second part of this note.

2014/15		2015/16
Restated		
£000's		£000's
146,052	Opening Capital Financing Requirement	164,648
	Capital Investment	
43,974	Property, Plant and Equipment	19,427
180	Heritage Assets	-
-	Intangible Assets	8
1,126	Revenue Expenditure Funded from Capital under Statute	5,020
	Sources of finance	
(5,040)	Capital Receipts	(5,618)
(4,272)	Government grants and other contributions	(4,599)
	Sums set aside from revenue:	
(13,007)	Direct revenue contributions	(13,227)
(4,365)	Minimum Revenue Provision	(4,755)
164,648	Closing Capital Financing Requirement	160,904
	Explanation of movements in year	
22,961	Increase in underlying need to borrowing (unsupported by government financial assistance)	1,011
(4,365)	Minimum Revenue Provision	(4,755)
18,596	Increase/(decrease) in Capital Financing Requirement	(3,744)

Note D14**Leases****Council as Lessee****Operating Leases**

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

31 March 2015		31 March 2016
£000's		£000's
76	Not later than one year	76
194	Later than one year and not later than five years	118
-	Later than five years	-
270	Total	194

The Council previously rented Grafton House but purchased it during 2014/15.

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

31 March 2015		31 March 2016
£000's		£000's
925		76
925	Total	76

Council as Lessor**Operating Leases**

The Council leases out property under operating leases for the following purposes:

- For the provision of community services, such as sports facilities, tourism services and community centres
- For economic development purposes to provide suitable affordable accommodation for local businesses.

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

31 March 2015		31 March 2016
£000's		£000's
2,848	Not later than one year	2,967
8,204	Later than one year and not later than five years	9,353
43,053	Later than five years	42,260
54,105	Total	54,580

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.

Note D15**Grant Income in Advance**

The Council 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 or property to be returned to the giver. The balances at the year-end are as follows:

31 March 2015		31 March 2016
Restated £000's		£000's
	Capital Grant Receipts in Advance	
(32)	External Contributions to Capital Schemes	(4)
(32)	Total	(4)

Note D16**Nature and Extent of Risk Arising From Financial Instruments****Key Risks**

The Council's activities expose it to a variety of financial risks. The key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements.
- Interest rate risk – the possibility that the Council could pay higher costs on variable rate debt.
- Price risk – the possibility that the Council could lose money on its investments.
- Foreign exchange risk – the possibility that the Council could suffer losses on dealings with foreign enterprises.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. The Council manages these procedures for dealing with risk in the following ways:

- The requirements of the Code of Practice were formally adopted by the Council in 2002, and subsequent changes to the code have been adopted by the Council;
- The Council includes a section on Treasury Management in its financial standing orders;
- The Council approves annually in advance prudential indicators for the following three years;
- The Council's overall borrowing was limited to £190m in 2015/16
- Its maximum exposures to fixed and variable rates which were 100% for fixed rates and 50% for variable rates in 2015/16

Period	Lower Limit	Upper Limit
Up to 1 Year	0%	50%
1 Year to 2 Years	0%	50%
2 Years to 5 Years	0%	50%
5 Years to 10 Years	0%	75%
Over 10 Years	0%	100%

- Its maximum annual exposures to investments maturing beyond a year which was set at £10m for 2015/16
- An annual investment strategy was approved for 2015/16 which set out the criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These were reported as part of the Council's medium term financial plan and approved at Full Council on 25 February 2015 for 2015/16 and this information is available on the Council's website. These items are reported with the annual treasury management strategy, which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure.

Actual performance is also reported quarterly as part of the Council's quarterly budget monitoring to Councillors. During 2015/16 the Council stayed within all the above limits approved by Council. Actual performance is also reported after each year, as is a mid year update.

Credit risk

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

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's or Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also imposes a maximum amount and time limit for investments in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied.

- Credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from only the most creditworthy countries

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council. As at the balance sheet date there are no indicators of impairment that have not been accounted for.

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

	Amount at 31 March 2016 £000's	Historical experience of default %	Adjustment for market conditions at 31 March 2016 %	Estimated maximum exposure to default at 31 March 2016 £000's	Estimated maximum exposure to default at 31 March 2015 £000's
	(a)	(b)	(c)	(a) * (c)	
Deposits with banks & financial institutions					
AAA rated counterparties	10,004	0.00%	0.00%	-	-
AA rated counterparties	-	0.03%	0.03%	-	6
A rated counterparties	19,466	0.08%	0.08%	16	-
BBB rated counterparties	3,004	0.19%	0.19%	6	-
Other counterparties	20	0.19%	100.00%	20	60
Trade Receivables	10,921	9.67%	9.67%	1,056	860
Total	43,415			1,098	926

The Council does not generally allow credit for its trade receivables, such that £8.859m of the £10.921m balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

	31 March 2015 £000's	31 March 2016 £000's
Less than three months	5,102	4,659
Three to six months	1,111	975
Six months to one year	2,247	1,896
More than one year	1,326	1,329
Total	9,786	8,859

To offset the receivables outstanding the Council does have £2.417m of provisions.

Heritable Bank

The Council had £1,000,000 invested with Heritable Bank when it went into administration on 7 October 2008. Heritable Bank public limited company is a UK registered bank under English law. The Council has recovered £979,600 (97.96%) (£39,800 in 2015/16, £167,300 in 2013/14, £93,500 in 2012/13, £178,000 in 2011/12, £151,200 in 2010/11 & £349,800 in 2009/10). The remaining sum has been written off, as the administrators have stated any further recoveries are subject to successful litigation.

Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the Money Markets to cover any day to day cash flow need, and whilst the PWLB provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities based on the carrying value in the balance sheet is as follows:

	31 March 2015	31 March 2016
	£000's	£000's
Less than one year	3,171	4,241
Between one and two years	3,216	3,262
Between two and five years	11,330	13,475
Between five and ten years	25,565	24,835
Between ten and twenty years	37,696	35,029
More than twenty years	54,382	51,322
Total	135,360	132,164

The maturity analysis of financial assets based on the carrying value in the balance sheet is as follows:

	31 March 2015	31 March 2016
	£000's	£000's
Less than one year	11,064	22,092
Between one and two years	3,004	-
Total	14,068	22,092

Market Risk

The Council look to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

All investments undertaken during 2015/16 met the Council's criteria when the investment was made, in terms of the counterparty with whom the investment was made and was within the limit for that counterparty.

As at 31 March 2016 the Council held investments of £32.558m, based on the carrying value in the balance sheet, with institutions domiciled in the UK.

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

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

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

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

All of the Council's borrowing and investments held during 2015/16 were at fixed interest rates

There could be a risk that when the Council wishes to re-finance borrowings, interest rates could be higher and this could have an impact on the Council's finances. However, all new borrowing will only be undertaken after a options appraisal process. Interest rates on investments are at an all time low, with little prospect for an increase in the near future. However, investments will be kept short, to take advantage if and when interest rates do start to increase.

Price risk - The Council does not generally invest in equity shares or marketable bonds, but does have shareholdings in Ipswich Buses Limited, which is wholly owned by the Council. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the price of the shares.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead it only acquires shareholdings in return for "open book" arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

The shares are classified as Available-for-Sale, meaning that all movements in price will be shown as gains and losses in the Available for Sale reserve.

Foreign exchange risk - The Council has no foreign exchange exposure.

Note D17**Trust Funds**

The Council acts as trustee for the two funds listed below. In neither case do the funds represent assets of the Council, and they have not been included in the Balance Sheet.

Ipswich Town Trust was set up to provide grants to local charities. The balance on this account as at 31 March 2016 was £12,765 (31 March 2015 £5,866).

Mayor of Ipswich Relief Fund was set up to provide assistance in the event of an emergency. The balance on this account as at 31 March 2016 was £3,878 (31 March 2015 £3,878).

The balances represent the trusts' assets that are held in bank accounts. There are no liabilities. The funds are not subject to audit by the Councillors auditors, Ernst & Young LLP.

Note D18**Financial Relationships with Companies**

The Council's only related company is Ipswich Buses Limited. At 31 March 2016 all the allotted called up ordinary share capital of the Company was owned by the Council. The Council therefore has a controlling influence. The Council has no commitment to meet accumulated deficits and losses of Ipswich Buses Limited. The Council has two types of investment in Ipswich Buses Limited and the values of these investments are shown below:

31 March 2015		31 March 2016
£000's		£000's
-	Shares	-
252	Debenture	252
<u>252</u>	Total	<u>252</u>

Note D19**Contingent Liabilities**

At 31 March 2016, the Council had no material Contingent Liabilities.

Note D20**Contingent Assets**

At 31 March 2016, the Council had no material Contingent Assets.

Note D21**Capitalisation of Borrowing Costs**

In 2015/16 the Council capitalised £256680 of borrowing costs (2014/15 £75,246).

The Capitalisation rate used to determine the borrowing costs in 2015/16 was 2.47%.

Note D22**Pensions****Participation in pensions schemes**

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension scheme, which is administered locally by Suffolk County Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level to balance the balance liabilities with investment assets.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies.

The Fund's Actuary determined the Council's contribution to the Fund for 2015/16. The contribution rate equates to approximately 24.8% of pay to address the Pension Fund deficit over 15 years.

The actuarial valuation of the fund's liabilities as at 31 March 2016, in accordance with International Accounting Standard (IAS) 19, was completed in April 2016 by Hymans Robertson, who are an independent firm of actuaries.

Transactions relating to retirement benefits

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

2014/15	Local Government Pension Scheme	2015/16
Restated		
£000's	<u>Comprehensive Income and Expenditure Statement</u>	£000's
	<i>Net Cost of Services:</i>	
5,260	- Current Service Cost	6,292
-	- Past Service Cost	-
115	- Settlements & Curtailments	76
	<i>Net Operating Expenditure:</i>	
<u>3,418</u>	- Net Interest Expense	<u>3,191</u>
8,793	<i>Net Charge to the Surplus or Deficit on the Provision of Services</i>	9,559
(21,960)	- Return on Plan Assets	3,653
-	- Actuarial Gains and Losses arising on changes in demographic assumptions	-
42,124	- Actuarial Gains and Losses arising on changes in financial assumptions	(29,349)
(2,214)	- Other experience	(4,257)
<u>26,743</u>	<i>Net Charge to the Comprehensive Income and Expenditure Statement</i>	<u>(20,394)</u>

Movement in Reserves Statement:

(2,453)	- Reversal of Net Charges made to the Surplus or Deficit on the provision of Services for retirement benefits in accordance with IAS19	(3,168)
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Actual amount charged against the General Fund Balance for pensions in the year:

6,340	- Employer's Contributions payable to scheme	6,391
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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 plans is as follows:

2014/15 Restated £000's	Funded Liabilities: Local Government Pension Scheme	2015/16 £000's
(329,180)	Present value of the defined benefit obligation	(304,315)
229,445	Fair value of plan assets	231,365
(99,735)	Net liability arising from defined benefit obligation	(72,950)

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

2014/15 Restated £000's		2015/16 £000's
201,045	Balance at 1 April	229,445
8,562	Interest Income	7,315
	Remeasurement gains/(losses)	
	The return on plan assets, excluding the amount included in the net interest expense	(3,653)
21,960		
6,340	Contributions from employer	6,391
1,368	Contributions paid by scheme participants	1,357
(9,830)	Benefits paid	(9,490)
229,445	Balance at 31 March	231,365

Reconciliation of the Present Value of Scheme Liabilities

2014/15 Restated £000's		2015/16 £000's
280,377	Balance at 1 April	329,180
5,375	Current Service Cost	6,368
11,980	Interest cost	10,506
1,368	Contributions paid by scheme participants	1,357
	Remeasurement gains/(losses)	
	- Actuarial Gains and Losses arising on changes in demographic assumptions	-
42,124	- Actuarial Gains and Losses arising on changes in financial assumptions	(29,349)
(2,214)	- Other experience	(4,257)
(9,830)	Benefits paid	(9,490)
329,180	Balance at 31 March	304,315

Local Government Pension scheme assets comprised

Fair value of the scheme assets:

2014/15		2015/16
Restated		£000's
£000's		£000's
2,689	Cash and Cash Equivalents	1,934
	Equity Instruments (By Industry type)	
17,184	- Consumer	18,005
7,904	- Manufacturing	6,932
3,852	- Energy and Utilities	2,542
9,930	- Financial Institutions	9,609
7,183	- Health and Care	7,816
4,124	- Information Technology	6,212
2,323	- Other	2,585
<u>52,500</u>	Total Equity	<u>53,701</u>
	Bonds (By Sector)	
34,310	- Corporate Bonds	36,817
4,542	- UK Government	-
9,295	- Other	8,582
<u>48,147</u>	Total Bonds	<u>45,399</u>
	Property	
<u>22,047</u>	- UK Property	<u>25,342</u>
22,047	Total Property	25,342
6,988	Private Equity	7,174
	Investment Funds and Unit Trusts	
66,360	- Equities	8,717
-	- Bonds	5,848
8,224	- Hedge Funds	-
-	- Commodities	62,203
4,795	- Infrastructure	20,840
17,690	- Other	-
<u>97,069</u>	Total Investment Funds and Unit Trusts	<u>97,608</u>
	Derivatives	
5	- Foreign Exchange	207
<u><u>229,445</u></u>	Total Assets	<u><u>231,365</u></u>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The Council's underlying assets and liabilities for retirement benefits at 31 March are shown above. These Liabilities represent the long-term underlying commitment that the Council has to pay retirement benefits.

Liabilities have been assessed using the projected unit method, an estimate of the pensions that will be payable in future years, based on assumptions about mortality rates and salary levels. The actuary determines the rate of employer contribution over the remaining working life of employees necessary to meet all liabilities.

The main assumptions used in their calculation are: -

Local Government Pension Scheme	2014/15	2015/16
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	22.4 years	22.4 years
Women	24.4 years	24.4 years
Longevity at 65 for future pensioners:		
Men	24.3 years	24.3 years
Women	26.9 years	26.9 years
Rate of inflation	2.4%	2.2%
Rate of increase in salaries	4.3%	4.2%
Rate of increase in pensions	2.4%	2.2%
Rate for discounting scheme liabilities	3.2%	3.5%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed The accounting policies for the scheme, ie on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous accounting period.

Changes in assumptions as at 31 March 2016	Approximate % increase to Employer Liability	Approximate monetary amount (£000's)
0.5% decrease in Real Discount Rate	10%	31,104
1 year increase in member life expectancy	3%	9,129
0.5% increase in the salary increase rate	3%	8,836
0.5% increase in the pension increase rate	7%	21,791

The assets of the scheme are held separately from those of the company, being managed by an independent investment manager. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting year.

The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable for certain types of employer. However, the Actuary is satisfied that the approach used leads to reasonable estimates for the aggregate liability figure.

It is assumed that all unfunded pensions are payable for the remainder of the member's life. It is further assumed that 90% of pensioners are married (or cohabiting) at death and that their spouse (cohabitee) will receive a pension of 50% of the member's pension as at the date of the member's death.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 2016/17 is £6,382,000.

The Fund Actuary, using information provided by the scheme and assumptions determined by the Council in conjunction with the actuary, has provided the above figures. Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of the actuarial calculations may be affected by uncertainties within a range of possible values.

Further information can be found in Suffolk County Council's Pension Fund Annual Report, which is available upon request from: The Director of Finance, Endeavour House, Ipswich IP1 2BX.

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure.

SECTION E - NOTES TO THE CASH FLOW STATEMENT**Note E1****Operating Activities**

The cash flows for operating activities include the following items:

2014/15 Restated £000's		2015/16 £000's
(271)	Interest received	(320)
4,097	Interest paid	3,920
2014/15 £000's		2015/16 £000's
6,626	Depreciation	12,997
(18,567)	Impairment and downward valuations	(17,717)
17	Amortisation	1
-	Increase/(decrease) in impairment for bad debts	203
(1,237)	Increase/(decrease) in payables	(2,580)
1,298	(Increase)/decrease in receivables	(1,554)
(17)	(Increase)/decrease in inventories	(12)
2,453	Movement in pension liability	3,168
3,672	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	4,675
(12,092)	Other non-cash items charged to the net surplus or deficit on the provision of services	(13,105)
(17,847)	Adjust net surplus or deficit on the provision of services for non cash movements	(13,924)

Note E2**Investing Activities**

The cash flows for investing activities include the following items:

2014/15 £000's		2015/16 £000's
39,281	Purchase of property, plant and equipment, investment property and intangible assets	17,532
155,789	Purchase of short-term and long-term investments	160,409
466	Other payments for investing activities	369
(5,093)	Proceeds from the sale of property, plant and equipment, investment property, intangible assets and non-current assets held for sale	(7,554)
(150,788)	Proceeds from short-term and long-term investments	(152,385)
(2,746)	Other receipts from investing activities	(5,553)
36,909	Net cash flows from investing activities	12,818

Note E3**Financing Activities**

The cash flows for financing activities include the following items:

2014/15 £000's		2015/16 £000's
(19,290)	Cash receipts of short-term and long-term borrowing	-
(984)	Other receipts from financing activities	-
29	Cash payments for the reduction of the outstanding liabilities relating to finance leases	-
3,731	Repayments of short-term & long-term borrowing	3,184
-	Other payments for financing activities	246
(16,514)	Net cash flows from financing activities	3,430

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure.

HRA INCOME AND EXPENDITURE STATEMENT

This account summarises the transactions relating to the provision, management and maintenance of Council Houses and Flats.

2014/15 Restated £000's		Note	2015/16 £000's
INCOME			
(33,936)	Gross Rent Income - Domestic	F1 & F2	(34,495)
(943)	- Commercial		(997)
(946)	Charges for Services & Facilities		(977)
(194)	Contributions from the General Fund		(198)
(36,019)	Total Income		(36,667)
EXPENDITURE			
6,168	Repairs & Maintenance		6,290
5,447	Supervision and Management		5,925
143	Rents, Rates and Taxes		110
(16,243)	Depreciation and Impairment of Non-Currents Assets		(7,933)
53	Debt Management Costs		42
57	Movement in the allowance for Bad Debts		220
(4,375)	Total Expenditure		4,654
(40,394)	Net Cost/(Income) of HRA Services per Comprehensive Income and Expenditure Statement		(32,013)
124	HRA services share of Corporate and Democratic Core		127
17	HRA services share of Unallocated Overheads		-
(40,253)	Net Cost/(Income) of HRA Services		(31,886)
HRA share of operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
(880)	(Gain)/Loss on sale of HRA Non-Current Assets		(1,327)
4,072	Interest Payable and Similar Charges		3,907
(50)	HRA Investment and Interest Income		(59)
609	Net interest on the defined benefit liability		554
-	Government Grants		(23)
(36,502)	(Surplus)/Deficit for Year on HRA Services		(28,834)

MOVEMENT ON THE HRA STATEMENT

2014/15		2015/16
Restated		
£000's		£000's
(4,696)	Balance on the HRA at the end of the previous year	(7,148)
(36,502)	(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement	(28,834)
32,170	Adjustments between accounting basis and funding basis under statute	25,915
(4,332)	Net Increase/(Decrease) before transfers to or from reserves	(2,919)
1,880	Transfers to/(from) Reserves	2,000
(2,452)	(Increase)/Decrease in year on the HRA	(919)
<u>(7,148)</u>	Balance on the HRA at the end of the current year	<u>(8,067)</u>

HRA adjustments between accounting basis and funding basis under regulations are detailed in note B1 to the Movement in Reserves Statement (full accounts).

HRA transfers to or from (earmarked) reserves are detailed in note B2 to the Movement in Reserves Statement (full accounts).

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure.

SECTION F - NOTES TO THE HOUSING REVENUE ACCOUNT

Note F1

Gross Rent Income

This is the total rent income due for the year after allowance is made for voids etc. During the year, 0.89% of lettable properties were vacant (0.34% in 2014/15). Typical rents were £83.46 per week in 2015/16 representing an increase of £1.86 or 2.28% over the previous year.

Note F2

Rent Rebates

Assistance with rents is available under the Housing Benefits Scheme for those on low incomes. About 58% of the rents collected are made up of benefits paid to tenants (59% in 2014/15).

Note F3

Rent Arrears

During the year, 2015/16 rent arrears as a proportion of gross rent income have increased from 2.34% of the amount due to 2.54%.

2014/15 £000's		2015/16 £000's
793	Arrears at 31 March	875

Amounts written off during the year amounted to £136183.

The Housing Revenue Account made a contribution to the provision for bad debts account of £219906 in 2015/16, and the aggregate provision for uncollectable debts, as at 31 March 2016 amounted to £456881 (see note D7).

Note F4

Reserves

The Housing Revenue Account reserves are detailed in Note B2.

Note F5

HRA Assets

The balance sheet value of the HRA assets is shown below.

2014/15 Restated £000's		2015/16 £000's
850	Assets Held for Sale	-
331,753	Council Dwellings	364,913
14,287	Other Land & Buildings	13,915
763	Vehicles, Plant & Equipment etc.	685
4,883	Assets Under Construction	715
352,536	Total	380,228

The depreciation charged on HRA assets is shown below.

2014/15 Restated £000's		2015/16 £000's
3,598	Council Dwellings	3,863
2	Intangible Assets	-
303	Other Land & Buildings	326
80	Vehicles, Plant & Equipment etc.	149
3,983	Total	4,338

The total capital receipts generated during the year was:

2014/15 £000's		2015/16 £000's
-	Land	-
3,300	Council Houses	4,776
-	Other Property	850
3,300		5,626
2	Excluded Discounts Repaid and Housing Advances	-
3,302	Total	5,626

The council dwellings included in the Balance Sheet are shown at Existing Use Social Housing Value, which represents 39% of their market value. Their vacant possession value as at 31 March 2016 is £938,600,500. This represents the economic cost to government of providing council housing at less than open market rents.

2014/15		2015/16
Analysis of Dwellings in the HRA :-		
4,796	Houses/Bungalows	4,838
2,647	Flats	2,656
557	Sheltered Housing Units	557
8,000	Total	8,051

Note F6

Housing Revenue Account Capital Expenditure and Financing

2014/15 £000's		2015/16 £000's
EXPENDITURE		
14,502	Houses	15,603
1,631	Land	-
606	Other	83
16,739	TOTAL	15,686
FINANCING		
2,336	Usable Capital Receipts	2,459
581	Borrowing	78
908	External Contributions	-
8,552	Major Repairs Reserve	7,422
4,362	Revenue Contributions to Capital Outlay	5,727
16,739	TOTAL	15,686

Note F7**HRA Revenue Expenditure Funded from Capital under Statute**

There was no HRA revenue expenditure funded from Capital under Statute in 2015/16 (2014/15 £0)

Note F8**Major Repairs Reserve**

The Major Repairs Reserve is now required to be established in relation to the Housing Revenue Account (HRA). The items credited to the Major Repairs Reserve are an amount equal to HRA depreciation for the year, and transfers from the HRA required by statutory provision. The former is debited to the Capital Adjustment Account and the latter to the HRA appropriations account. The amounts debited to the Major Repairs Reserve are expenditure for HRA capital purposes, where this is to be funded from the Major Repairs Reserve, and transfers to the HRA required by statutory provision. The former is credited to the Capital Adjustment Account and the latter to the HRA appropriations account.

2014/15 £000's		2015/16 £000's
	INCOME	
(231)	Balance 1 April	(71)
(8,392)	Amounts transferred from HRA to Reserve	(8,672)
<u>(8,623)</u>		<u>(8,743)</u>
	EXPENDITURE	
-	Amount transferred from Reserve to HRA	-
8,552	Capital Expenditure funded by MRA	7,422
<u>8,552</u>		<u>7,422</u>
<u>(71)</u>	Balance 31 March	<u>(1,321)</u>

THE COLLECTION FUND**Income and Expenditure Account**

Total 2014/15 Restated £000's	Council Tax 2015/16 £000's	Business Rates 2015/16 £000's	Total 2015/16 £000's
INCOME			
Local Taxes :-			
(59,345) Council Tax	(60,937)	-	(60,937)
(56,415) Business Rates	-	(56,629)	(56,629)
Share of Estimated (Deficits) / Surpluses			
- Suffolk County Council	-	(591)	(591)
- Ipswich Borough Council	-	(394)	(394)
(115,760)	(60,937)	(57,614)	(118,551)
EXPENDITURE			
Precepts & Demands :-			
39,727 Suffolk County Council	41,090	-	41,090
11,359 Ipswich Borough Council	11,975	-	11,975
5,881 Suffolk Police and Crime Commissioner	6,205	-	6,205
Business Rates :-			
27,921 Payment to National Pool	-	28,737	28,737
5,584 Payment to Suffolk County Council	-	5,746	5,746
22,336 Payment to Ipswich Borough Council	-	22,990	22,990
193 Cost of Collection Allowance	-	195	195
591 Provision for Business Rates Appeals	-	1,463	1,463
Provision for Uncollectable Amounts			
709 Council Tax	(128)	-	(128)
(218) Business Rates	-	(115)	(115)
Write Offs			
391 Council Tax	500	-	500
695 Business Rates	-	524	524
Share of Estimated (Deficits) / Surpluses			
1,012 Suffolk County Council	1,292	-	1,292
425 Ipswich Borough Council	369	-	369
96 Suffolk Police and Crime Commissioner	192	-	192
116,702	61,495	59,540	121,035
(SURPLUS)/DEFICIT ON FUND MOVEMENTS			
942 IN YEAR	558	1,926	2,484
2014/15 Statement of Accumulated Balances			
£000's	2015/16 £000's	2015/16 £000's	2015/16 £000's
(1,850) Opening Balance on Fund	(2,365)	1,457	(908)
942 Movement during the year	558	1,926	2,484
(908) Closing Balance on Fund	(1,807)	3,383	1,576

2014/15		2015/16	2015/16	2015/16
Restated				
£000's	Collection Fund Balance Share	£000's	£000's	£000's
	Council Tax			
(473)	Ipswich Borough Council	(365)	-	(365)
(1,647)	Suffolk County Council	(1,253)	-	(1,253)
(245)	Suffolk Police and Crime Commissioner	(189)	-	(189)
	Business Rates			
583	Ipswich Borough Council	-	1,353	1,353
146	Suffolk County Council	-	338	338
728	Central Government	-	1,692	1,692
	(908) Collection Fund Balance Deficit/(Surplus)	(1,807)	3,383	1,576

SECTION G - NOTES TO THE COLLECTION FUND**Note G1****General**

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing Council in relation to Non-Domestic Rates and Council Tax and illustrates the way in which these have been distributed to preceptors and the General Fund. The Collection Fund is consolidated with other accounts of the Council.

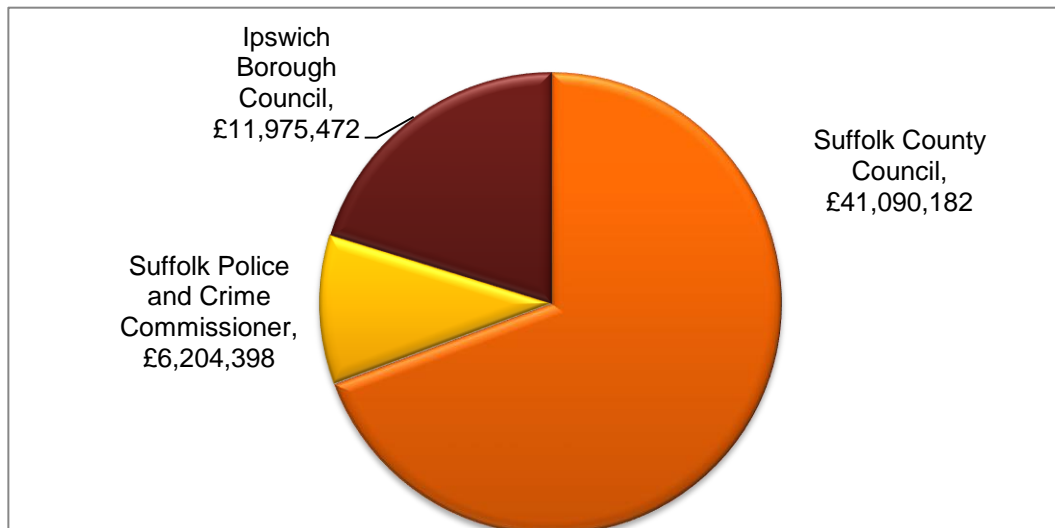
Note G2**Income from Council Tax**

The Council set a charge of £328.32 per band D property. Its tax base, i.e. the number of chargeable dwellings in each valuation band, is as follows: -

	Number of Chargeable Dwellings	Proportion of Band D Tax	Band D Equivalent Number of Dwellings
Band A Reduced	32	5/9	18
Band A	15,730	6/9	10,487
Band B	20,234	7/9	15,737
Band C	10,179	8/9	9,048
Band D	3,908	1	3,908
Band E	1,997	11/9	2,441
Band F	847	13/9	1,223
Band G	334	15/9	557
Band H	8	18/9	16
	53,269		43,435
Contributions in Lieu (in respect of class "O" exempt dwellings)			-
			43,435
Adjustment for changes:			
New Dwellings			567
Additional discounts, exemptions, appeals, etc.			(106)
Technical Changes			-
Discount Scheme			(6,719)
			37,177
Discounted by assumed collection rate of 98.11%			36,475

Part of the Council Tax collected pays for services provided by Suffolk County Council and the Suffolk Police Council. They precept on the Collection Fund for their share of the Council Tax.

In 2015/16 the precepts, shown in comparison with Ipswich Borough Council's share of Council Tax were: -



Note G3

Income from Non-domestic Rates

The Council collects Non-domestic Rates for its area, which is based on local rateable values multiplied by the rates below. The total amount calculated less allowable reliefs and other deductions, is paid to a central pool managed by Central Government, which in turn pays back to authorities their share of the pool, based on a standard amount per head of adult population.

The non-domestic rateable value as at 31 March 2016 was £135.212m. The NDR Multiplier was 49.3p and the Small Business Multiplier was 48p.

Note G4

Bad and Doubtful Debts

The value of write-offs in 2015/16 were: Business Rates £524.236k (2014/15 £694.96k) and Council Tax £500.198k (2014/15 £390.846k).

Note G5

NDR Appeals Provision

The Non-domestic rates appeals provision is an estimate of the potential loss of business rates as a result of reductions of net rateable values from current outstanding appeals. The Valuation Office Agency figures as at 31/3/16 were 840 appeals with a total rating value of £99.492m. An independent rating consultant has reviewed all these claims and estimated the cumulative net loss to the collection fund of appeals back to 2010 to be approximately £4m with the current appeals level at approximately £950k per annum. Ipswich Borough Council's share of this is £1.606m.

GROUP ACCOUNTS

Introduction

The Accounting Code of Practice requires Local Authorities with material interests in subsidiary and associated companies to prepare group accounts. This is in accordance with paragraph 9.1.1.6 of the Code. A Local Council group comprises the Local Council and its interest in companies which would be regarded as its subsidiaries or associates if the Local Council was subject to the Companies Act.

Accounting Policies

The Accounting Policies, adopted for Group Accounts, are consistent with the main Accounting Policies.

Ipswich Buses Limited

The Company was set up in accordance with the provisions of the Transport Act 1985, to run the bus operation in Ipswich, previously managed by the Council. The Company started operations in October 1986.

As at 31 March 2016, all the allotted called up ordinary share capital of the Company was owned by the Council. The Council therefore has a controlling influence.

The Company reports a 52 week period ending 26 March 2016.

The Council has no commitment to meet accumulated deficits or losses of Ipswich Buses Limited.

Ipswich Buses Limited is a wholly owned subsidiary of Ipswich Borough Council, who are the parent undertaking and the ultimate controlling party and own 100% of the shares of the company. The following Directors of Ipswich Buses Limited are members of Ipswich Borough Council:- Inga Lockington and Peter Gardiner. The Head of Housing and Community Services is a Non-Executive Director.

Copies of the published accounts of Ipswich Buses Limited for the period ended 26 March 2016 can be obtained from Ipswich Buses Limited, Constantine Road, Ipswich, IP1 2DL.

The summarised group financial consolidated statements presented below show how the financial position of the Council is affected by its interest in Ipswich Buses Limited. The main effect of this consolidation has been to increase the Council's revenue reserves by £2.934m, representing the Council's share of the Bus Company's shareholders' funds.

Ipswich Buses Limited purchased the shares of Carters Coach Services on 27 May 2016. This is a non-adjusting balance sheet event.

Local Authority Trading Company (Ipswich Borough Assets)

Executive Committee on 8 March 2016 agreed to establish a generic trading company limited by shares to enable the Council to make use of the power given in the Localism Act 2011 to enable trading for a commercial purpose. The company will be wholly owned by the Council.

Ipswich Borough Assets was incorporated on 7 April 2016.

As at 31 March 2016, the Council had not purchased any share capital of Ipswich Borough Assets.

There were no transactions between Ipswich Borough Council and Ipswich Borough Assets during the accounting period ending on 31 March 2016.

This is a non-adjusting balance sheet event.

GROUP MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Group, 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 Group's services, more details of which are shown in the Group 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.

	Revenue Reserves				Capital Reserves			Total Usable Reserves £000's	Unusable Reserves £000's	Total Authority Reserves £000's
	General Fund Balance £000's	Earmarked General Fund Reserves £000's	Housing Revenue Account (HRA) £000's	Earmarked HRA Reserves £000's	Capital Receipts Reserve £000's	Major Repairs Reserve £000's	Capital Grants Unapplied Account £000's			
Balance at 1 April 2014	(14,868)	(6,576)	(4,696)	(6,440)	(16,034)	(231)	(1,112)	(49,957)	(265,321)	(315,278)
Surplus or (deficit) on the provision of services	2,469	-	(36,502)	-	-	-	-	(34,033)	-	(34,033)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	13,355	13,355
Total Comprehensive Income and Expenditure	2,469	-	(36,502)	-	-	-	-	(34,033)	13,355	(20,678)
Adjustments between accounting basis & funding basis under regulations (Note B1).	(3,213)	-	32,170	-	530	160	707	30,354	(30,354)	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(744)	-	(4,332)	-	530	160	707	(3,679)	(16,999)	(20,678)
Transfers to/from Earmarked Reserves (Note B2)	498	(498)	1,880	(1,880)	-	-	-	-	-	-
Increase/Decrease in 2014/15	(246)	(498)	(2,452)	(1,880)	530	160	707	(3,679)	(16,999)	(20,678)
Balance at 31 March 2015 carried forward	(15,114)	(7,074)	(7,148)	(8,320)	(15,504)	(71)	(405)	(53,636)	(282,320)	(335,956)

	Revenue Reserves				Capital Reserves			Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account			
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<u>Movement in reserves during 2015/16</u>										
Balance at 1 April 2015 brought forward	(15,114)	(7,074)	(7,148)	(8,320)	(15,504)	(71)	(405)	(53,636)	(282,320)	(335,956)
Surplus or (deficit) on provision of services	3,491	-	(28,834)	-	-	-	-	(25,343)	-	(25,343)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(40,798)	(40,798)
Total Comprehensive Income and Expenditure	3,491	-	(28,834)	-	-	-	-	(25,343)	(40,798)	(66,141)
Adjustments between accounting basis & funding basis under regulations (Note B1)	(4,238)	-	25,915	-	(1,262)	(1,250)	(66)	19,099	(19,099)	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(747)	-	(2,919)	-	(1,262)	(1,250)	(66)	(6,244)	(59,897)	(66,141)
Transfers to/from Earmarked Reserves (Note B2)	530	(530)	2,000	(2,000)	-	-	-	-	-	-
Increase/Decrease in 2015/16	(217)	(530)	(919)	(2,000)	(1,262)	(1,250)	(66)	(6,244)	(59,897)	(66,141)
Balance at 31 March 2016 carried forward	(15,331)	(7,604)	(8,067)	(10,320)	(16,766)	(1,321)	(471)	(59,880)	(342,217)	(402,097)

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. The Group raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2014/15 Restated				2015/16		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000's	£000's	£000's		£000's	£000's	£000's
5,192	(2,957)	2,235	Central services to the public	5,129	(2,200)	2,929
15,688	(7,215)	8,473	Cultural and related services	16,886	(8,773)	8,113
10,249	(4,939)	5,310	Environmental and regulatory services	10,474	(4,859)	5,615
5,085	(2,661)	2,424	Planning services	10,115	(2,550)	7,565
12,357	(13,185)	(828)	Highways and transport services	12,144	(12,873)	(729)
(4,384)	(36,019)	(40,403)	Local Authority Housing (HRA)	4,589	(36,667)	(32,078)
55,924	(53,354)	2,570	Other housing services	56,347	(53,526)	2,821
6,843	(1,261)	5,582	Corporate and democratic core	3,982	(1,346)	2,636
-	(22)	(22)	Non distributed costs	-	171	171
106,954	(121,613)	(14,659)	Cost Of Services	119,666	(122,623)	(2,957)
			Other Operating Expenditure:			
507	-	507	Payments to the Government Housing Capital Receipts Pool	573	-	573
3,672	(4,931)	(1,259)	Gain/loss on the disposal of non-current assets	4,675	(7,415)	(2,740)
-	(85)	(85)	Capital receipts not from disposal of current assets	-	(38)	(38)
4,179	(5,016)	(837)		5,248	(7,453)	(2,205)
			Financing and Investment Income and Expenditure:			
3,961	(4,046)	(85)	Gains/losses on trading operations	2,135	(2,117)	18
4,186	-	4,186	Interest payable and similar charges	4,173	-	4,173
11,980	(8,562)	3,418	Pensions interest cost and expected return on pension assets	10,506	(7,315)	3,191
-	(273)	(273)	Interest receivable and similar income	-	(323)	(323)
604	-	604	Changes in the fair value of investment properties	114	-	114
-	(1,061)	(1,061)	Investment properties income	-	(1,051)	(1,051)
20,731	(13,942)	6,789		16,927	(10,806)	6,121
			Taxation and Non-Specific Grant Income:			
-	(11,615)	(11,615)	Council tax income	-	(12,237)	(12,237)
-	(22,078)	(22,078)	Non domestic rates	-	(22,776)	(22,776)
17,591	-	17,591	Non domestic rates tariff	17,927	-	17,927
255	-	255	Non domestic rates levy	232	-	232
-	(5,907)	(5,907)	Non-ringfenced government grants	-	(4,790)	(4,790)
-	(3,565)	(3,565)	Capital grants and contributions	-	(4,665)	(4,665)
17,846	(43,165)	(25,319)		18,159	(44,468)	(26,309)
		(34,026)	(Surplus) or Deficit on Provision of Services			(25,350)

2014/15			2015/16		
Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's	Gross Expenditure £000's	Gross Income £000's	Net Expenditure £000's
		(34,026)			(25,350)
		(7)			7
		(34,033)			(25,343)
		(4,550)			(10,845)
		(46)			-
		17,950			(29,953)
		-			-
		13,354			(40,798)
		(20,679)			(66,141)

The income tax payable is in relation to Ipswich Buses Limited whose expenditure is shown under Highways and Transport services

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 Council 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 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), 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 2014 Restated £000's	31 March 2015 Restated £000's		Note	31 March 2016 £000's
380,651	425,693	Property, Plant & Equipment	H1	467,165
100,124	100,124	Heritage Assets		100,124
13,467	23,415	Investment Property		13,543
17	-	Intangible Assets		7
70	3,054	Long Term Investments	H2	50
3	1	Long Term receivables		-
494,332	552,287	Long Term Assets		580,889
9,067	11,064	Short Term Investments		22,092
488	517	Inventories	H3	525
9,640	8,321	Short Term Receivables	H4	9,089
21,189	17,262	Cash and Cash Equivalents	H5	12,353
-	850	Assets held for sale		-
40,384	38,014	Current Assets		44,059
(3,993)	(3,435)	Short Term Borrowing	H6	(4,595)
(15,567)	(15,118)	Short Term Payables	H7	(12,887)
(1,858)	(1,931)	Provisions		(2,329)
(21,418)	(20,484)	Current Liabilities		(19,811)
(911)	(978)	Long Term Payables		(733)
(246)	(209)	Provisions		(163)
(116,954)	(132,908)	Long Term Borrowing	H8	(129,190)
(79,434)	(99,735)	Other Long Term Liabilities		(72,950)
(476)	(32)	Capital Grants Receipts in Advance		(4)
(198,021)	(233,862)	Long Term Liabilities		(203,040)
315,277	335,955	Net Assets		402,097
(49,957)	(53,635)	Usable Reserves		(59,880)
(265,320)	(282,320)	Unusable Reserves		(342,217)
(315,277)	(335,955)	Total Reserves		(402,097)

These financial statements replace the unaudited financial statements certified by the Chief Financial Officer (Jon Hudson) on 9 June 2016.



Date: 9 March 2017

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 Council. 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.

2014/15			2015/16
Restated			
Total			Total
£000's			£000's
(34,033)	Net (surplus) or deficit on the provision of services		(25,343)
17,140	Adjust net surplus or deficit on the provision of services for non cash movements	H9	13,396
58	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing		56
(16,835)	Net cash flows from Operating Activities		(11,891)
37,014	Investing Activities	H10	13,057
(16,252)	Financing Activities	H11	3,743
3,927	Net increase or decrease in cash and cash equivalents		4,909
(21,189)	Cash and cash equivalents at the beginning of the reporting period		(17,262)
(17,262)	Cash and cash equivalents at the end of the reporting period		(12,353)

SECTION H - NOTES TO THE GROUP BALANCE SHEET**Note H1****Group Property, Plant and Equipment****2014/15**

	Council dwellings £000's	Other land and buildings £000's	Vehicles, plant, furniture & equipment £000's	Infrastructure assets £000's	Community assets £000's	Surplus assets £000's	Assets under construction £000's	Total Property, Plant and Equipment £000's
Ipswich Borough Council								
Cost or Valuation	331,754	73,316	13,556	1,506	9,218	316	4,883	434,549
Accumulated Depreciation and Impairment	(1)	(2,193)	(8,711)	(552)	0	0	0	(11,457)
Net Book Value	331,753	71,123	4,845	954	9,218	316	4,883	423,092
Ipswich Buses Limited								
Cost or Valuation	-	-	9,032	-	-	-	-	9,032
Accumulated Depreciation and Impairment	-	-	(6,431)	-	-	-	-	(6,431)
Net Book Value	-	-	2,601	-	-	-	-	2,601
Group								
Cost or Valuation	331,754	73,316	22,588	1,506	9,218	316	4,883	443,581
Accumulated Depreciation and Impairment	(1)	(2,193)	(15,142)	(552)	-	-	-	(17,888)
Net Book Value at 31 March 2015	331,753	71,123	7,446	954	9,218	316	4,883	425,693

2015/16

	Council dwellings £000's	Other land and buildings £000's	Vehicles, plant, furniture & equipment £000's	Infrastructure assets £000's	Community assets £000's	Surplus assets £000's	Assets under construction £000's	Total Property, Plant and Equipment £000's
Ipswich Borough Council								
Cost or Valuation	364,914	74,819	14,062	1,730	9,317	11,865	1,313	478,020
Accumulated Depreciation and Impairment	(1)	(3,575)	(9,803)	(623)	-	-	-	(14,002)
Net Book Value	364,913	71,244	4,259	1,107	9,317	11,865	1,313	464,018
Ipswich Buses Limited								
Cost or Valuation	-	-	9,318	-	-	-	-	9,318
Accumulated Depreciation and Impairment	-	-	(6,171)	-	-	-	-	(6,171)
Net Book Value	-	-	3,147	-	-	-	-	3,147
Group								
Cost or Valuation	364,914	74,819	23,380	1,730	9,317	11,865	1,313	487,338
Accumulated Depreciation and Impairment	(1)	(3,575)	(15,974)	(623)	-	-	-	(20,173)
Net Book Value at 31 March 2016	364,913	71,244	7,406	1,107	9,317	11,865	1,313	467,165

This note has been amended in its comparative note to ensure disclosure on a consistent basis with the current year disclosure.

Note H2**Group Long Term Investments**

31 March 2015		31 March 2016
£000's		£000's
3,306	Ipswich Borough Council Long Term Investments	302
(252)	Less intra Group Investment	(252)
<u>3,054</u>	Group Total	<u>50</u>

Note H3**Group Inventories**

31 March 2015		31 March 2016
£000's		£000's
415	Ipswich Borough Council Inventories	427
102	Ipswich Buses Limited Inventories	98
<u>517</u>	Group Total	<u>525</u>

Note H4**Group Short Term Receivables**

31 March 2015		31 March 2016
Restated		£000's
£000's		£000's
1,133	Central government bodies	3,039
871	Other local authorities	673
16	NHS bodies	8
-	Public corporations and trading funds	-
-	Other entities and individuals:	-
5,334	Sundry Receivables	4,649
1,316	Council Tax	1,202
568	Non Domestic Rates	475
793	Housing Rents	875
<u>10,031</u>		<u>10,921</u>
	Less Provision for Bad Debts:	
(831)	Sundry Receivables	(1,034)
(673)	Council Tax	(647)
(325)	Non Domestic Rates	(279)
(361)	Housing Rents	(457)
<u>7,841</u>	Total	<u>8,504</u>
535	Ipswich Buses Limited	652
(55)	Less intra Group debtors	(67)
<u>8,321</u>	Group Total	<u>9,089</u>

Note H5**Group Cash and Cash Equivalents**

31 March 2015		31 March 2016
£000's		£000's
375	Cash held by officers	249
15,004	Bank current accounts	10,259
<u>15,379</u>	Total	<u>10,508</u>
1,883	Ipswich Buses Limited cash and bank balances	1,845
<u>17,262</u>	Group Total	<u>12,353</u>

Note H6**Group Short Term Borrowing**

31 March 2015		31 March 2016
£000's		£000's
(3,171)	Ipswich Borough Council Short Term Borrowing	(4,241)
(264)	Ipswich Buses Limited Short Term borrowing	(354)
<u>(3,435)</u>	Group Total	<u>(4,595)</u>

Note H7**Group Short Term Payables**

31 March 2015		31 March 2016
Restated £000's		£000's
(1,329)	Central government bodies	(792)
(1,220)	Other local authorities	(1,500)
(19)	NHS bodies	(12)
-	Public corporations and trading funds	-
	Other entities and individuals	
(8,257)	Sundry Receivables	(6,736)
(847)	Council Tax	(958)
(1,900)	Non Domestic Rates	(1,154)
(606)	Housing Rents	(867)
<u>(14,178)</u>	Total	<u>(12,019)</u>
(995)	Ipswich Buses Limited	(935)
55	Less intra Group Payables	67
<u>(15,118)</u>	Group Total	<u>(12,887)</u>

Note H8**Group Long Term Borrowing**

31 March 2015		31 March 2016
£000's		£000's
(132,189)	Ipswich Borough Council Long Term Borrowing	(127,923)
(971)	Ipswich Buses Limited Long Term borrowing	(1,519)
252	Less intra Group Borrowing	252
<u>(132,908)</u>	Group Total	<u>(129,190)</u>

Note H9**Group Operating Activities**

The cash flows for operating activities include the following items:

2014/15	2015/16
Restated	
£000's	£000's
(271) Interest received	(320)
4,097 Interest paid	3,920
- Dividends received	-
2014/15	2015/16
£000's	£000's
7,273 Depreciation	13,643
(18,567) Impairment and downward valuations	(17,717)
17 Amortisation	1
- Increase/(decrease) in impairment for bad debts	203
(1,327) Increase/(decrease) in payables	(2,640)
1,419 (Increase)/decrease in receivables	(1,671)
(29) (Increase)/decrease in inventories	(8)
2,453 Movement in pension liability	3,168
3,672 Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	4,675
(12,051) Other non-cash items charged to the net surplus or deficit on the provision of services	(13,050)
(17,140)	(13,396)
Adjust net surplus or deficit on the provision of services for non cash movements	(13,396)

Note H10**Group Investing Activities**

The cash flows for investing activities include the following items:

2014/15	2015/16
£000's	£000's
39,401 Purchase of property, plant and equipment, investment property and intangible assets	17,776
155,789 Purchase of short-term and long-term investments	160,409
466 Other payments for investing activities	369
(5,106) Proceeds from the sale of property, plant and equipment, investment property, intangible assets and non-current assets held for sale	(7,559)
(150,794) Proceeds from short-term and long-term investments	(152,385)
(2,742) Other receipts from investing activities	(5,553)
37,014	13,057
Net cash flows from investing activities	13,057

Note H11**Group Financing Activities**

The cash flows for financing activities include the following items:

2014/15	2015/16
£000's	£000's
(19,290) Cash receipts of short-term and long-term borrowing	-
(984) Other receipts from financing activities	-
291 Cash payments for the reduction of the outstanding liabilities relating to finance leases	313
3,731 Repayments of short-term & long-term borrowing	3,184
- Other payments for financing activities	246
(16,252)	3,743
Net cash flows from financing activities	3,743

GLOSSARY OF FINANCIAL TERMS

Accounting Period

The period of time covered by the accounts, normally a period of twelve months, commencing on 1 April for Local Council accounts.

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.

Bad or Doubtful Debts

It is practice for an organisation to create a provision for bad debts representing the estimated amount of debt existing at the 31 March, which is deemed to be irrecoverable.

Budget

The Council's aims and policies in financial terms. Also referred to as 'Estimates'.

Budget Requirements

Estimated net revenue expenditure on General Fund Services, which, after allowance for any use of internal reserves, can be financed from General Government Grants (Revenue Support Grant and a share of Non-Domestic Rates) and the Council Tax.

Capital Charges

A charge to revenue accounts, including depreciation where appropriate, to reflect the use of non-current assets in the provision of services.

Capital Expenditure

Expenditure on capital assets which have a long term value to the Council e.g. land, buildings and equipment (known as non-current assets) or the payment of grants to other people for the purchase or improvement of capital assets e.g. house renovation grants (known as deferred charges).

Capital Financing

The raising of money to pay for capital expenditure. This takes the form of borrowing, leasing, contributions from revenue accounts, and the proceeds from the sale of capital assets, capital grants, and contributions from developers or others.

Capital Financing Costs

Principal and interest repayments relating to loans.

Capital Grants

Grants from the Government, the National Lottery and developers towards capital expenditure on a specific service or project.

Capital Receipts

Proceeds arising from the sale of capital assets or from the repayment to the Council of capital grants and loans. A proportion of capital receipts may be used to finance additional capital spending.

Collection Fund

The Collection Fund brings together income from council tax, and business ratepayers. From this fund the Borough, County Council's and Police Commissioner precept for their annual net expenditure.

Contingent Liability

A liability which exists at the balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events, for example the default by a borrower on a loan from third party for which the Council has given a guarantee.

Current Assets

Assets that 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.

Depreciation

A measure of the cost of the wearing out of a non-current asset, through wear and tear, deterioration or obsolescence.

Employee Costs

These include salaries, wages and related National Insurance and superannuation costs payable by the Council, together with training expenses.

Finance lease

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

Financial Year

The Local Council financial year commences 1 April and finishes 31 March the following year.

General Fund (GF)

The Council's main account, which includes all services except Council Housing and the Council's Trading Services. The net expenditure on the account is financed from Government Revenue Support Grant, Non-Domestic Rates and Council Tax.

Government Grants

Payments by Central Government towards Local Council expenditure. They may be specific e.g. Housing Benefits, or general e.g. Revenue Support Grant.

Gross Expenditure

The total cost of providing services before any income is deducted.

Housing Revenue Account (HRA)

This account covers the provision of Council houses, including supervision and management and repairs and maintenance. There is a statutory requirement to keep this account separate from those of other services, including other housing services.

Infrastructure Assets

A type of non-current asset, for example street lighting and sewers.

Intangible Assets

Non-financial non-current assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights.

Interest

An amount received or paid for the use of a sum of money when it is invested or borrowed.

Inventories

Items of raw materials and stores an Council has purchased to use on a continuing basis, which are not used at the year end.

Minimum Revenue Provision (MRP)

The minimum amount that must be charged to an Council's revenue accounts and set aside as a provision for credit liabilities. It is calculated by applying a prescribed percentage to its credit ceiling (approximates to outstanding debt) at the beginning of the financial year.

National Non Domestic Rates (NNDR)

A NNDR poundage is set annually by Central Government and collected by Charging Authorities.

Net Book Value

The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Expenditure

Gross expenditure less any related income.

Operating Lease

A lease whereby at the end of the lease period ownership of the asset remains with the lessor.

Payables

Amounts owed by the Council for work done, goods received or services rendered within an accounting period, but for which payment was not made at the balance sheet date.

Precept

The amount, which a Precepting Council (i.e. a County Council) requires from a Charging Council (Borough/District Council) to meet its expenditure requirements (from the Council Tax collected on behalf of the Precepting Council).

Provision

An amount set aside in a separate account to cover known likely losses. An example of a provision is the Insurance Provision.

Receivables

Amounts owed to the Council but for which payment was not made at the balance sheet date.

Reserves

An amount set aside in a separate account for future use. Reserves may be capital (can only be used for capital purposes) or revenue (can only be used by revenue accounts). Reserves can be earmarked for a specific purpose or classified as general i.e. not earmarked for a particular purpose, for example the general fund revenue balance.

Revenue Account

Accounts covering income and expenditure relating to the day-to-day running of the Council's services.

Revenue Expenditure Funded from Capital Under Statute

This reflects the current approach to accounting for expenditure that is not capital expenditure in accordance with GAAP but which statute allows to be funded from capital resources.

The expenditure is financed from capital resources and is written off in the period in which it occurs.

Work in Progress

The cost of work done on an uncompleted project at a specified date (in the Statement of Accounts, this is the financial year-end date), which has not been recharged to the appropriate account at that date.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IPSWICH BOROUGH COUNCIL
(THE "AUTHORITY")****Opinion on the Council's financial statements**

We have audited the financial statements of Ipswich Borough Council for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The Council's financial statements comprise the:

- Council and Group Movement in Reserves Statement;
- The Council and Group Comprehensive Income and Expenditure Statement;
- The Council and Group Balance Sheet;
- The Council and Group Cash Flow Statement;
- Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and the related notes F1 to 8
- Collection Fund and the related notes G1 to 5; and
- The related notes A1-7, B1-2, C1-12, D1-22 and E1-3 to the Council Accounts and notes H1 to 11 to the Group Accounts

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 2015/16.

This report is made solely to the members of Ipswich Borough Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the council and the council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities set out on page 7, the Chief Financial Officer 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 2015/16, 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 Council and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Statement of Accounts 2015/16 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 Ipswich Borough Council as at 31 March 2016 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 2016 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 2015/16.

Opinion on other matters

In our opinion, the information given in the Accounts 2015/16 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 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

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

The Council 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.

Auditor's responsibilities

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Council 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 Council'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 criterion issued by the Comptroller and Auditor General (C&AG) in November 2015, as to whether Ipswich Borough Council 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 criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Ipswich Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

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, Ipswich Borough Council 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 issued by the C&AG in November 2015, we are satisfied that, in all significant respects, Ipswich Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2016.

Certificate

We certify that we have completed the audit of the accounts of Ipswich Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Kevin Suter (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Appointed Auditor Luton

Date: 9 March 2017