



Statement of Accounts

for the year ended

31 March 2015

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Explanatory Foreword

An Introduction to the Statement of Accounts

The Statement of Accounts for the London Borough of Barnet provides a picture of the council's financial position at 31 March 2015 and a summary of its income and expenditure in 2014/15. It is, in parts, a complex document which sets out to ensure that the accounts of all Government funded bodies provide comparable and consistent information and comply with International Financial Reporting Standards.

The Accounts will be approved by the Audit Committee on 30th July 2015 and the Independent Auditor's Report to Members of Barnet Council will assess whether the accounts provide a true and fair view of the council's financial position.

The accounts are published in full on the council's website at:

http://www.barnet.gov.uk/info/10067/statement_of_accounts/62/statement_of_accounts

Review of the Year

The Corporate Plan 2010-2015 set out three strategic objectives:

1. Promoting responsible growth, development and success across the borough;
2. Supporting families and individuals that need it – promoting independence, learning and well-being;
3. Improving the satisfaction of residents and businesses with the London Borough of Barnet as a place to live, work and study.

During 2014/15, nearly 3 out of 4 (73%) of the stretching targets against which success of the Corporate Plan is measured were achieved. Barnet was above the national benchmark in 83% of the services reported by the Local Government Association.

To support growth, development and success the council has brought back into use 130 vacant properties and facilitated building of 398 new affordable homes. This year has also seen £97m of Government support secured for a new station at Brent Cross and regeneration schemes are set to provide an additional 20,000 new homes and 30,000 jobs over the coming years. The council has also prevented 832 instances of homelessness and helped 392 households to find homes in the private rented sector. These successes have kept the number of households in emergency temporary accommodation below target during a challenging year.

The proportion of residents claiming Job Seekers Allowance decreased further to 1.6% in Barnet against a London backdrop of 2.1%, helped by having the 4th highest rate of engagement of 16-18 year olds in education, employment and training in the country.

To support families and individuals that need it, the council has focused on reducing the attainment gap between children eligible for Free School Meals and their peers. Barnet's troubled families team have turned around all 705 families who requested support in phase 1 of the programme and the team was selected to be an early starter for the expanded programme from September 2014. Schools have also received £116m over the last 5 years to ensure the Borough has enough high quality places and continues to achieve results in the top 10% of schools for GCSE performance.

Over the year the council has provided real- savings for residents through cutting Council Tax by 1% in 2014/15, with further plans to freeze Council Tax up to 2016/17, saving households nearly £300 a year. Satisfaction of residents has improved with nearly 9 out of 10 (88%) residents satisfied with Barnet as a place to live - 6% above the national average.

The council and its partners have continued to deliver quality services to residents and businesses. The council's Building Control service, provided by the Re joint-venture, received the Local Authority Building Control Bricks and Partnership Award in October 2014. Recycling, reuse and composting of residents' waste increased to 38%, from 33%, following the change in collections in October 2013. Barnet remains a safe place to live with burglary and robbery down 25% and 54% respectively compared to 2011/12.

The council's new website went live on 1 March 2015, including a new My Account facility to let residents view the status of multiple service accounts, track the status of environmental problems they've reported and

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conduct web-based transactions without having to re-enter their personal details. The council has also been named as one of 16 local authority 'Open Data Champions'.

In addition to the progress against the Corporate Plan targets, 85% of the key services across the council had met their performance targets at the end of 2014/15.

Financial Performance

The council managed a net budget of £286.412m during 2014/15, from which savings totalling £18.292m were achieved – 96% of those planned for the year.

The actual expenditure of the council is subject to regular financial and operational monitoring and reported publically to the Performance and Contract Management Committee. The year-end financial position was reported to the Performance and Contract Monitoring Committee in May 2015.

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=693&MId=7873&Ver=4>

The 2014/15 revenue outturn resulted in a 0.4% over spend of £1.079m as set below:

2014/15	Budget	Actual	(Under)/ overspend
Delivery Unit	£'000	£'000	£'000
Adults and Communities	90,746	93,218	2,472
Assurance	4,060	4,186	126
Children's Education	7,211	7,211	-
Children's Family Service (inc DSG)	50,436	50,505	69
Commissioning Group	7,760	7,760	-
Streetscene	15,357	15,399	42
Commercial - Infrastructure and Parking	(878)	(1,126)	(248)
Public Health	14,335	14,335	-
HB Public Law	1,952	1,883	(69)
Housing needs resources	4,833	5,170	337
Re	1,039	1,257	218
CSG	23,341	23,341	-
Services Net Expenditure for the year	220,192	223,139	2,947
Central Expenses (including reserves/ funding)	66,220	64,352	(1,868)
Council's budget and outturn for the year	286,412	287,491	1,079
Financed by			
Council Tax		(144,833)	
Grant income		(77,253)	
Business Rates		(51,070)	
Public Health		(14,335)	
Total Financing		(287,491)	

During the course of the financial year services have been proactively managing their financial positions, balancing the competing challenges of delivering savings and managing increasing levels of demand.

Two main areas of financial concern for the council have been highlighted during the course of the year:

1. Adults and Communities have experienced an increase in demand for Adult Social Care services, exacerbated by the needs of existing clients becoming more complex due to an aging population. This is coupled with the fact that clients who used to pay for 100% of their own care now have depleted funds and therefore become the financial responsibility of the council for their care needs. At the same time, during the course of the year we have seen an increase in the number of ordinary residents and clients

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who have been placed in Barnet by another borough (and following a claim become the responsibility of Barnet's Adult Social Care service) resulting in £0.800m of increased expenditure.

2. Similar to Adults and Communities, Housing Needs Resources has seen an increase in demand during the course of the year for emergency temporary accommodation. In addition, there has been an increase in the rental market price for accommodation which, despite £0.916m of additional funding being allocated to the service, has led to a £0.337m overspend.

Despite the overspend of £1.079m, the council's final position illustrates the robust management of finances during these difficult economic and demographic conditions. The overspend will result in a reduction of general fund balances from £15.950m to £14.871m. However this is still broadly in line with the £15m balance as set by the Section 151 Officer to allow for in year volatility in spend.

The outturn is adjusted in the financial statements for a number of factors mainly due to accounting adjustments required by statute or reporting standards, in order to allow the accounts to be comparable against other local authorities and public sector bodies. The full detail of these adjustments is contained within Note 29 of the accounts, however a summary of the adjustments is listed below.

	2014/15	2013/14
	£'000	£'000
Council's outturn for the year	287,491	292,864
Less Revaluations and Pension costs charged to services	(56,200)	(67,385)
(Surplus)/Deficit on Continuing Operations	231,291	225,479
Plus Loss on transfer of Schools to Academies	-	22,702
Plus Other operating expenditure	4,255	10,448
less Net Interest received or plus paid on investments and loans	(2,526)	16,485
Less Council Tax, Business Rates and Grant Income (inc. capital)	(325,462)	(325,690)
(Surplus)/Deficit on the Provision of Services	(92,442)	(50,576)
(Surplus)/Deficit on revaluation of non-current assets	(8,164)	(17,610)
(Gains) or Losses on the pension fund	88,315	10,053
Total Comprehensive Income and Expenditure surplus	(12,291)	(58,133)

The council spent £78.057m in 2014/15 on its capital programme, which is summarised in the table below. The in-year underspend of £24.465m will be profiled and subsequently spent in 2015/16.

	2013/14	2014/15	Variance
	Actual	Actual	
	£'000	£'000	£'000
Portfolio and Funding			
Adults and Communities	2,570	956	(1,614)
Children's Family Services	1,925	1,240	(685)
Children's Education and Skills	34,501	31,183	(3,318)
Commissioning Group	2,210	1,308	(902)
Parking	90	-	(90)
Street Scene	3,083	2,525	(558)
Re Delivery Unit	30,169	15,272	(14,897)
The Barnet Group	155	1	(154)
Housing Revenue Account	27,819	25,572	(2,247)
Total Expenditure	102,522	78,057	(24,465)
Financed by			
Grants & Other Contributions		32,519	
Borrowing		8,516	
HRA Revenue/Major Repairs Allowance		24,555	
Reserves		2,268	
Revenue		6,679	
Capital Receipts		3,520	
Total Resources		78,057	

Explanatory Foreword

Capital expenditure has focused on the following:-

- The schools expansion programme to meet the increased demand for school placements. In 2014/15 the council delivered 360 new school placements (Reception and year 7) through the opening of Milbrook primary school in Mill Hill and the expansion of a number of other schools including St Mary's and St Johns.
- The council continued to invest in the highway and footway programme of improvements along with the Decent Homes programme as planned.

The council is holding £114.219m of General Fund reserves at the end of 2014/15. This is an increase of £23.004m since last year. The increase is largely due to funding held to finance future capital commitments (£13.350m) and other reserves held for specific purposes such as The Dedicated Schools Grant, Housing Benefit and the improvements to street lighting.

The council's long term assets have increased by £68.731m, current assets by £39.045m, offset by an increase in long and short term liabilities of £95.485m. The increase in long term assets is due largely to increases in the valuations for council housing stock and investment properties. The current assets are as a result of increased cash and cash equivalents, and the liabilities as a result of the Pension scheme following the annual actuarial valuation review.

Looking forward for the council

Through the setting of a five-year Corporate Plan, supported by the medium-term financial strategy, the council has sought to give the borough the best footing during a dynamic period for local government. Through setting these long-reaching and innovative plans, the council has provided certainty and plans for the future to allow it to focus resources on delivering services required by local residents. For the forthcoming year, the council needs to go further to ensure that residents continue to receive the quality of service that they expect and that the borough continues to prosper by ensuring Barnet is a place:

1. Of opportunity, where people can further their quality of life
2. Where people are helped to help themselves, recognising that prevention is better than cure
3. Where responsibility is shared, fairly
4. Where services are delivered efficiently to get value for money for the tax payer

Conclusion

As indicated earlier, the published accounts of the council form a complex, technical document and I therefore hope that the summary accounts also published provide a clearer view of the council's financial position for the year ended 31 March 2015.

Should you require further information about the accounting statements please contact the Finance Team at the London Borough of Barnet at: 1st Floor Building 4, North London Business Centre, Oakleigh Road South, Barnet, N11 1NP, or email inspectionofaccounts@barnet.gov.uk

With 5 year plans now in place the prospects for the future look more certain, albeit challenges still remain. The council will continue to work hard to ensure high quality services at the lowest possible cost are delivered to residents and businesses.

John Hooton, Chief Operating Officer and Director of Finance (Section 151 Officer)

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required to:

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

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of Barnet Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy 2014/15 Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice on Local Authority Accounting;
- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certification of Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of the London Borough of Barnet Council at 31 March 2015 and its income and expenditure for the year then ended. The draft accounts were published on 31 May 2015.



John Hooton
Chief Operating Officer and Director of Finance (Section 151 Officer)

Approval of Accounts

In accordance with the Accounts and Audit (England) Regulations 2011, I certify that the Statement of Accounts was approved by the Audit Committee

Chair of Audit Committee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF BARNET

Opinion on the Authority financial statements

We have audited the financial statements of London Borough of Barnet for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Group Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Group Comprehensive Income and Expenditure Statement, the Balance Sheet, the Group Balance Sheet, the Cash Flow Statement, the Group Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of London Borough of Barnet, as a body, in accordance with Part II of the Audit Commission Act 1998 and as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword and the Group's explanatory foreword 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 London Borough of Barnet as at 31 March 2015 and of its expenditure and income for the year then ended;
give a true and fair view of the financial position of the Group as at 31 March 2015 and of its expenditure and income for the year then ended; and
have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

In our opinion, the information given in the explanatory forewords 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 are required to report to you if:

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

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

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

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

arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively

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

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

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

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

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

Conclusion

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

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion. [Whilst no objections to the accounts from local government electors have yet been submitted, we would have to update the certificate if any are received

Paul Hughes
Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Grant Thornton House
Melton Street
London
NW1 2EP
Date:

Accounting Statements

Movement in Reserves Statement (MIRS)

This statement shows the movement on the different reserves held by the authority, analysed into usable and unusable reserves and shows the increase or decrease in the net worth of the council. It provides an explanation of the changes in, and movements between, reserve accounts to increase or reduce the resources available to the council. It shows how the council's total Comprehensive Income and Expenditure is allocated to the council's reserves. The Surplus or (Deficit) on the Provision of Services, Other Comprehensive Income and Expenditure and Total Comprehensive Income and Expenditure are shown in more detail on the face of the Comprehensive Income and Expenditure Statement.

Movements in Reserves 2014/15

	General Fund Balance	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Useable Reserves	Total Unusable Reserves	Total Authority Reserves
Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2014	31,140	91,624	14,831	24,326	10,921	64,788	237,630	416,364	653,994
Surplus on provision of services	18,663	-	73,779	-	-	-	92,442	-	92,442
Other comprehensive expenditure and income	-	-	-	-	-	-	-	(80,151)	(80,151)
Total comprehensive income and expenditure	18,663	-	73,779	-	-	-	92,442	(80,151)	12,291
Adjustments between accounting basis and funding basis under regulations	7 1,929	3,479	(73,668)	17,797	7,009	11,494	(31,960)	31,960	-
Net increase / (decrease) before transfers to earmarked reserves	20,592	3,479	111	17,797	7,009	11,494	60,482	(48,191)	12,291
Transfer to / from earmarked reserves	8 (23,781)	21,052	-	3,479	-	(750)	-	-	-
Increase / (decrease) in year	(3,189)	24,531	111	21,276	7,009	10,744	60,482	(48,191)	12,291
Balance at 31 March 2015	27,951	116,155	14,942	45,602	17,930	75,532	298,112	368,173	666,285

Movements in Reserves 2013/14

	General Fund Balance	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Useable Reserves	Total Unusable Reserves	Total Authority Reserves
Note	£'000 *	£'000	£'000 *	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2013	30,592	75,513	16,072	21,227	6,637	58,728	208,769	387,092	595,861
Surplus on provision of services	17,179	-	33,397	-	-	-	50,576	-	50,576
Other comprehensive expenditure and income	-	-	-	-	-	-	-	7,557	7,557
Total comprehensive income and expenditure	17,179	-	33,397	-	-	-	50,576	7,557	58,133
Adjustments between accounting basis and funding basis under regulations	7 (520)	-	(34,638)	3,099	4,284	6,060	(21,715)	21,715	-
Net increase / (decrease) before transfers to earmarked reserves	16,659	-	(1,241)	3,099	4,284	6,060	28,861	29,272	58,133
Transfer to / from earmarked reserves	8 (16,111)	16,111	-	-	-	-	-	-	-
Increase / (decrease) in year	548	16,111	(1,241)	3,099	4,284	6,060	28,861	29,272	58,133
Balance at 31 March 2014	31,140	91,624	14,831	24,326	10,921	64,788	237,630	416,364	653,994

Accounting Statements

Comprehensive Income and Expenditure Statement

This statement summarises the income and expenditure made by the council in providing services during 2014/15. The statement also shows how the council's services are funded through council tax, business rates, government grants and fees and charges made by the council for its services.

Comprehensive Income and Expenditure Statement	Note	2014/15			2013/14		
		Gross expenditure	Gross income	Net expenditure	Gross expenditure	Gross income	Net expenditure
		£'000	£'000	£'000	£'000	£'000	£'000
Central services to the public		2,805	(2,616)	189	3,762	(3,872)	(110)
Cultural & Related Services		18,497	(3,610)	14,887	18,266	(3,295)	14,971
Environmental & Regulatory Services		39,555	(9,220)	30,335	36,812	(7,801)	29,011
Planning Services		11,996	(22,006)	(10,010)	7,772	(19,914)	(12,142)
Public Health		14,370	-	14,370	13,160	-	13,160
Children's and education services		336,608	(233,402)	103,206	302,624	(232,389)	70,235
Highways and transport services		46,310	(17,783)	28,527	55,797	(17,591)	38,206
Housing services		279,968	(344,349)	(64,381)	312,215	(347,271)	(35,056)
Adult social services		130,221	(28,972)	101,249	126,843	(26,555)	100,288
Corporate and democratic core costs		13,883	(1,376)	12,507	9,193	(2,857)	6,336
Non distributed costs		832	(420)	412	964	(384)	580
Surplus on Continuing Operations		895,045	(663,754)	231,291	887,408	(661,929)	225,479
Other Operating Expenditure	9	5,061	(806)	4,255	33,150	-	33,150
Financing and Investment Income & Expenditure	10	22,317	(24,843)	(2,526)	20,839	(4,354)	16,485
Taxation and Non-Specific Grant Income	11	-	(325,462)	(325,462)	-	(325,690)	(325,690)
Surplus on Provision of Services				(92,442)			(50,576)
(Surplus) / Deficit on revaluation of non-current assets				(8,164)			(17,610)
Remeasurement of the net defined benefit liability	45			88,315			10,053
Other Comprehensive Income and Expenditure				80,151			(7,557)
Total Comprehensive Income and Expenditure				(12,291)			(58,133)

Accounting Statements

Balance Sheet

The Balance Sheet provides a summary of what the council owns and owes together with the council's reserves, as set out in the Movement of Reserves Statement, as at 31 March 2015. Only usable reserves are available to support the delivery of the Council's services to residents. Details of the Usable Reserves can be seen in the Movement in Reserves Statement.

	Note	31 March 2015		31 March 2014	
		£'000	£'000	£'000	£'000
Property plant & equipment	12	1,119,193		1,091,924	
Heritage Assets	12	1,080		1,100	
Investment properties	12	101,264		68,304	
Intangible assets	12	7,200		1,792	
Long term debtors	16	825		913	
Long term investments	16	23,090		19,888	
Total long term assets			1,252,652		1,183,921
Inventories	17	612		663	
Short term investments	16	33,241		25,034	
Short term debtors *	19	94,200		107,463	
Assets held for sale	12	350		398	
Cash and cash equivalents	21	206,537		160,177	
Total Current Assets			334,940		293,735
Short term borrowing	16	(2,777)		-	
Short term creditors	22	(90,437)		(93,828)	
Cash and cash equivalents	21	(16,880)		(22,423)	
Provisions	23	(7,691)		(4,765)	
Total Current Liabilities			(117,785)		(121,016)
Long term borrowing	16	(304,735)		(306,116)	
Provisions	23	(5,753)		(5,750)	
Pension Scheme	45	(476,254)		(373,665)	
Long term Lease	41	(16,780)		(17,115)	
Total Long Term Liabilities			(803,522)		(702,646)
Net Assets			666,285		653,994
Usable reserves	24	298,112		237,630	
Unusable reserves	25	368,173		416,364	
Total Reserves			666,285		653,994

Accounting Statements

Cash Flow Statement

This shows the way cash has been generated or spent through capital and revenue transactions during the year and classifies the council's cash inflows and outflows between operating, investing and financing activities. Operating activities reflect the day to day income from grants and taxation together with expenditure on services provide by the council. Investing activities summarises the expenditure made to support future activities for example capital expenditure on housing and schools. Financing activities demonstrate how the council has managed its borrowings to fund its operating and investing activities.

	Note	2014/15		2013/14	
		£'000	£'000	£'000	£'000
Net surplus on the provision of services		92,442		50,576	
Adjustment to surplus or deficit on the provision of services for noncash movements	26	21,954		35,031	
Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26	(73,776)		(63,722)	
Net Cash flows from operating activities			40,620		21,885
Net Cash flows from Investing Activities	27		8,708		1,731
Net Cash flows from Financing Activities	28		2,575		(1,168)
Net increase or decrease in cash and cash equivalents			51,903		22,448
Cash and cash equivalents at the beginning of the reporting period			137,754		115,306
Cash and cash equivalents at the end of the reporting period	21		189,657		137,754

1. Accounting Policies

i. General Principles

The Statement of Accounts summarises the London Borough of Barnet's transactions for the financial year 2014/15 and its position at the year end of 31 March 2015. The London Borough of Barnet is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011, which those Regulations require 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 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii. Accruals of Income and Expenditure

The accounts of the council are prepared on an accruals basis in accordance with the Code of Accounting Practice. This means that sums due to and from the council during the year are included in the accounts whether or not the cash has actually been paid or received in the year. Such amounts are included as part of the Receivables and Payables figures on the Balance Sheet.

- 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 reliably measure 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 services provided by employees) are recorded as expenditure when the services are received rather than when payments made.
- Interest receivable on investments and payable on borrowings is accounted for retrospectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where NNDR and Council tax 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Notes to the Accounts

iii. 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 have a maturity date of less than three months at the Balance Sheet date. 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.

iv. 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.

v. 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 (unless stated otherwise) 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.

vi. 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 non-current assets during the year:

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

The council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance (England and Wales). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vii. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

The basis used to estimate the accrual is three fold:

- Employees that work 'Term Time Only', mainly teachers – a percentage based on how many holidays fall in the financial year is applied to annual salary, employer's national insurance contribution and employer's pension contribution.
- Non-teaching staff leave – holiday remaining at year end (to a maximum of 5 days, as per council's policy) is applied to annual salary, employer's national insurance contribution and employer's pension contribution.
- Non-teaching staff eligible for flexi contract – worst case scenario (+10hrs) will be assumed for all staff eligible for flexi contract and applied to their annual salary, employer's national insurance and employer's pension contribution.

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. These costs are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund or pensioner in year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Employees of the council are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Department for Education (DfE)
- The Local Government Pensions Scheme (LGPS)

Notes to the Accounts

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the council. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Service line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pensions in the year.

Defined benefit schemes

The attributable assets of the LGPS scheme are measured at fair value and include current assets and investments. The attributable liabilities are measured on an actuarial basis using the projected unit method. Scheme liabilities are discounted at the AA corporate bond rate. The surplus or deficit in the scheme is the excess or shortfall of the value of the assets in the scheme over or below the present value of the scheme liabilities. The change in the defined benefit asset or liability is shown in the income and expenditure account and analysed into the following components:

- service cost comprising both current and past service cost and net interest on the net defined benefit liability. The increase in liabilities as a result of years of service earned this year (current service cost) and the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years (past service cost). The current and past service cost is charged to the 'surplus on provision of services' line within the comprehensive income and expenditure statement. Services are charged on a pro-rata apportionment based on the amount paid by each service to the pension fund. Net interest on the net defined benefit liability i.e. net interest expense for the authority – the change during the period in the net defined benefit liability that arises in the passage of time, charged to the comprehensive income and expenditure statement against the 'financing and investment income and expenditure' line.
- re-measurements comprising the return on plan assets excluding amounts included in net interest on the net defined benefit liability charged to the Pension Reserve and 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 Pension Reserve.
- 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.

Defined contribution schemes

The teacher's scheme, whilst being a defined benefit scheme is treated as a defined contribution scheme as explained above. This means that the pension costs reported for any year is equal to the contributions payable for the scheme for the same period. The costs are recognised within net cost of services.

Accounting for Retirement Benefits within HRA

Day to day housing management is carried out by Barnet Homes therefore Barnet's HRA employs very few staff directly. The cost of obtaining a separate HRA actuarial report, to split the notional cost of HRA staff from those employed by the general fund cannot be justified. For this reason

Notes to the Accounts

although the HRA has been reported on an IAS19 basis, no attempt has been made to show a separate liability related to defined benefit provision.

Pension reserve

The pension reserve is the financial accounting mechanism to ensure that IAS19 has no impact on council tax; this is where the re-measurement of the net defined benefit liability is shown. The cost of providing pensions for employees is funded in accordance with the statutory requirements governing each scheme.

Where the payments made for the year do not match the change in the council's recognised asset or liability for the same period, the recognised cost of pensions will not match the amount required to be raised in taxation. This difference is removed by an appropriation to or from the pension's reserve, which equals the net change in the pension's liability recognised in the Comprehensive Income and Expenditure Statement.

viii. Events after the Reporting Period

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

- 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.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

ix. Financial Instruments

The accounting standards in respect of financial instruments were incorporated into the Local Authority SORP in 2007. The 20143/154 Code of Practice notes that where they continue to be relevant, the transitional provisions of the UK standards adopted by the 2007 SORP remain. The definition of the financial instrument is: "Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity".

The term "financial instrument" covers both financial assets and financial liabilities. These range from straightforward trade receivables and trade payables to more complex transactions such as financial guarantees, derivatives and embedded derivatives. The Council's borrowing, service concession arrangements (PFI and finance leases), and investment transactions are classified as financial instruments.

The council's financial liabilities and financial assets are carried on the balance sheet at amortised cost. The amortised cost is derived by taking the amount of the instrument at its inception, deducting the value of cash repayments made in year and adding on the interest charged / credited to the Comprehensive Income and Expenditure Statement. However, the Code requires

Notes to the Accounts

that the fair value of these instruments is disclosed in the notes to the account. The fair value of an instrument is the amount for which it could be sold for in an open market based on the present value of the future cash flows.

Premiums paid on the early settlement of debt are also classified as Financial Instruments. Regulations allow such premiums to be charged to general fund balances over the number of years equal to that which was remaining on the original loan, or to charge such premiums over a shorter time frame if desired. The council's policy is to spread the premium over the term that was remaining on the original loan which gave rise to the premium. The council provides further information on its Financial Instruments in the Notes to the Core Statements.

x. 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 attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset 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 creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

The Authority has elected to charge a Community Infrastructure Levy. The levy will be charged on new builds (chargeable developments for the Authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area. The Community Infrastructure Levy is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. The Community Infrastructure Levy charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

Notes to the Accounts

xi. Heritage Assets

The council's heritage assets are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the council's history and local area. 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 accounting policies in relation to heritage assets that are deemed to include elements of intangible heritage assets are also presented below. The council's collections of heritage assets are accounted for as follows:

Property Heritage Assets

These are held on the Balance Sheet at value and are revalued every five years as part of the council's rolling programme of revaluations.

Mayor's Regalia and Silverware

These assets are held at insurance valuation and are valued every 3 years.

Heritage Assets not held on the Balance Sheet

The remaining heritage assets are not recognised on the Balance Sheet because cost information is not readily available and the council considers that obtaining valuations for these items would involve a disproportionate cost in comparison to the benefits to the users of the financial statements.

General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, for example 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. The council will 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. The collection of heritage assets is relatively static and acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at valuation. The heritage assets are deemed to have indeterminate lives and a high residual value; hence the council does not consider it appropriate to charge depreciation.

xii. Intangible Assets

These are assets that do not have a physical form but which are identifiable and provide the council with rights to future economic benefits. The council carries just one type of intangible asset on its balance sheet, being the purchase of software licences. The policy is to amortise cost of the asset to revenue over its economic life, to reflect the pattern of consumption or benefits.

xiii. Interests in Subsidiaries

The council has controlling interests in The Barnet Group Ltd (which includes Your Choice Barnet Ltd and Barnet Homes Ltd), Barnet Holdings Ltd, Regional Enterprises Ltd and The Inglis

Notes to the Accounts

Consortium. These entities have the nature of subsidiaries and / or Join Ventures and the council is therefore required to prepare group accounts, unless the overall impact on the Group Accounts is not material.

The council reviews annually the extent to which other entities (over which the council has a controlling interest) need to be consolidated into Group Accounts. The situation has been reviewed for 2014/15 in consultation with Auditors and the decision was that group accounts were not required for 2014/15 on the grounds of materiality. A further review was undertaken once the final accounts for 2014/15 were available resulting in no change to the decision made in February 2015.

From 2014/15, CIPFA/LASAAC is of the view that local authority maintained schools are capable of being treated as separate entities for control purposes. This brings the school as an entity within the scope of the control criteria in IFRS 10.

As a consequence, schools transactions, including income, expenditure, assets, liabilities and reserves will be recognised in the Council's single entity accounts where applicable.

Income, expenditure, assets (excluding non-current assets), liabilities and reserves will all be consolidated into the single entity financial accounts of the Council as these transactions are deemed to be within the control of the local maintained school as entities within themselves. In regards to non-current assets, the approach adopted will be to consider, on a school by school basis, whether the local maintained school controls the non-current assets (including land, property, plant, equipment and playing fields) to identify whether 'control' exists to ascertain if consolidation is required.

xiv. Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of charging the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement with the value of works and services received under the contract during the financial year.

xv. Investment Property

Investment properties are those that are used solely to earn rentals and / or for capital appreciations. 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.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued on a 5-year cycle according to market conditions at year end. 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 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 Receipts Reserve.

Notes to the Accounts

xvi. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the 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 element 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 Lessee

Finance Leases

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

The council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges 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 rent-free period at the commencement of the lease).

Notes to the Accounts

The Council as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (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. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

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

xvii. 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

Notes to the Accounts

2014/15 (SeRCOP). The costs are recharged through the internal recharge mechanism using various apportionment bases (e.g. headcount, time spent, area occupied, invoices processed, etc.) in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multifunctional, 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.

xviii. 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.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accrual 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. Any expenditure on an asset that is under £50k is considered non-enhancing and is treated as revenue expenditure.

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

Notes to the Accounts

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

- infrastructure (including street lighting PFI), community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUVSH)
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market based evidence of fair value because of the specialist nature of an asset, the valuation method of Depreciated Replacement Cost (DRC) is used as an estimate of fair value. Examples of specialist assets include: schools, leisure centres, crematorium and cemeteries prior to their being run on a more commercial basis.

The DRC method of valuation provides the current cost of replacing an asset with its Modern Equivalent Asset (MEA) less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation. The London Borough of Barnet, where possible, has used direct evidence from its own capital programmes to determine the MEA cost basis for specialist assets. Where this evidence is not available, Building Cost Information Service construction cost figures have been used.

The council has schools in the following categories: community schools, foundation schools, voluntary aided schools and academies. Community and foundation schools are treated on balance sheet based on the risks and rewards the council is deemed to have, and voluntary aided schools and academies are not treated on balance sheet. This is under constant review and is updated in line with guidance from CIPFA.

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

The freehold and leasehold properties that comprise the council's property portfolio are subject to a 5 year rolling programme of revaluation, although Top 10 properties, all schools and all DRC's are valued every year, which is 80% of the council's portfolio. This ensures that where market conditions or rebuilding costs alter, all affected assets are considered over a reasonable period of time. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value 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 an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement. The Revaluation Reserve contains

Notes to the Accounts

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 an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) 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

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer;
- infrastructure, vehicles, plant, furniture and equipment – straight line allocation over its useful life;
- Council dwellings – Major repairs allowance (MRA) used as a proxy for depreciation.

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

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

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Componentisation

Under IFRS, each asset owned or leased by the council is divided up into significant component parts. A component is considered significant when the cost of the component is 20% or greater than the total cost of the asset and has a differing useful life. Each component is depreciated separately and where there is more than one significant component of the same asset which has the same useful life and depreciation method, such components may be grouped in determining the depreciation charge.

Any component parts of an asset are de-recognised when the component is replaced, even if the original component had not been recognised separately for depreciation purposes. If it is not practical to determine the carrying amount of the replaced components, the cost of the new component is indexed back and then adjusted for depreciation. This is used as a reasonable proxy.

Assets less than £50k will not be considered for componentisation (on the basis of materiality). Assets will only have componentisation applied from 1 April 2010 when they have been revalued, enhanced or acquired. Until one of these events has occurred an asset will not need to be componentised. Componentisation affects all assets recognised under IAS16, IAS17 and IFRIC12.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification 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 losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. When an asset 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 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to

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be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority'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 non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

xix. Private Finance Initiative (PFI)

PFI and similar contracts are agreements to receive services where the responsibility for making available the property, plant and equipment needed to provide the services, are passed to the PFI contractor. As the council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the council at the end of the contract for no additional charge, the council carries the assets used under the contracts of its Balance Sheet as part of Property, Plant and Equipment. The council has one PFI contract for the maintenance of street lighting in the borough.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the council.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge on the outstanding balance sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the balance sheet liability towards PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

Notes to the Accounts

xx. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the council a legal or constructive obligation that requires settlement by a transfer of economic benefits or service potential (the settlement must be probable), 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 authority becomes aware of the obligation, and are 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 authority settles the obligation.

There is a specific Provision for Insurance which reflects the council's liability for events that have occurred as at the balance sheet date but where the timing of the payment is dependent upon the settlement process. The council's policy is to base the Insurance Provision on a valuation by an Independent Actuary.

A full breakdown of the council's Provisions as at Balance Sheet date is disclosed in Notes to the Core Statements.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Contingent Assets

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

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

Notes to the Accounts

xxi. Reserves

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by apportioning amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service 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 Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

All applications for specific reserves are subject to approval by the Chief Operating Officer and Director of Finance. Specific reserves are discretionary not mandatory. The council discloses a full breakdown of the council's specific reserves as at the Balance Sheet date in the Notes to the Core Statements.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement and employee benefits and do not represent usable resources for the council – these reserves are explained in the relevant policies.

xxii. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Examples include Home Improvement Grants and expenditure on Voluntary Aided School land & buildings. 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 Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

xxiii. Value Added Tax (VAT)

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

xxiv. Collection Fund

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of council tax and national non-domestic rates (NNDR). In its capacity as a billing authority an authority acts as an agent: it collects and distributes Council Tax and Income on behalf of the major preceptors and itself.

From the year commencing 1 April 2009, for both billing authorities and major preceptors, the Council Tax income included in the Income and Expenditure Account for the year shall be accrued income for the year.

Local Authorities are required to show Business Rate Supplements (BRS) transactions on the face of the Collection Fund, this is in line with the 2013/14 Code of Practice.

From the year commencing 1 April 2013, in its capacity as a billing authority, the Council no longer acts solely as an agent for non-domestic rates on behalf of Central Government. The Council now

Notes to the Accounts

collects and distributes NNDR income not only on behalf of Central Government, but on behalf of itself and major preceptors.

xxv. Minimum Revenue Provision

Statute requires the authority to set money aside each year for the repayment of loans originally taken out to finance capital expenditure. This is called the minimum revenue provision (MRP). Under capital accounting arrangements, the council's services are charged depreciation to reflect the consumption of capital assets used. The depreciation charge is treated as the council's revenue provision and any variation from the statutory minimum is transferred between the capital adjustment account and the income and expenditure account.

The MRP is calculated in accordance with the 2013/14 MRP Policy Statement agreed by Council on 05 March 2013 and CLG Guidance on MRP. The Council's Policy is to:

- Continue to charge 4% on capital expenditure incurred before 1 April 2008 and on future supported capital expenditure (Option 1 of Government guidance)
- Capital expenditure incurred on or after 1 April 2008 and funded by prudential borrowing will be repaid based on the useful asset life of the asset using equal annual instalments (Option 3 of Government guidance)

For PFI the council's policy is to charge MRP equal to the difference between lease payments and the finance charge.

Following a review of the adjustment factor, the long term debtor, housing factor and premium adjustment will be treated differently. This will result in a back dated adjustment of £9.193m and an on-going saving of £0.919m per annum.

xxvi. Significant Management Judgement in Applying Accounting Policies and Estimation Uncertainty

The only significant estimations in the accounts relate to:

Bad debt

Bad debt is the extent to which an original amount of money owed to the council is impaired (no longer recoverable). The council's policy for estimating the provision required for bad debt is to firstly consider any specific debts which are regarded as being individually significant, e.g. bankruptcy of a company that owes a significant amount of money to the council. The remaining debt is then divided into the following groups:

- Tenants
- Council Tax
- Business Rates
- Other Local Authorities
- Sundry (trade) Receivables

Notes to the Accounts

Each group has particular characteristics with regards to the debtor's propensity to pay the amount due. An assessment of impairment of debt for each group is then undertaken at the balance sheet date, based on historical loss experience but adjusted to reflect the current economic climate. The provision for bad debt is then estimated on this basis and the amount is reflected in the balance sheet carrying figure for Receivables. A movement on the outstanding debt of 1-2% has been considered and deemed to not material effect the provision.

Useful lives of depreciable assets

Estimated useful lives and obsolescence levels are reviewed as part of the asset revaluation exercises or where, in the interim, there has been an enhancement to an asset that has extended its useful operational life

Asset Category	Maximum Years Estimated Useful Life
Land & Building	50
Schools	50
PFI street lights	25
Vehicles, Plant & Equipment	20
Intangibles	10
Infrastructure	30

Fair value of financial instruments

The council's financial instruments are carried on the balance sheet at amortised cost. However, the Code requires that the fair value of these instruments is disclosed in the notes to the account. The fair value of an instrument is the amount for which it could be sold for in an open market based on the present value of the future cash flows.

Other

- Community Care Services - estimates are made in respect of clients who have received care but where the invoices from the Care Provider have not been received until after the end of the financial year.
- Pension Fund - estimates are made based on the triennial review which was undertaken in 2013.
- Property valuations - some estimates are made based on market forces.
- Special Parking Account - estimates are made over likely income recoverable from unpaid penalty charge notices issued in 2014/153/14.

xxvii Carbon Reduction Commitment Scheme

The authority is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. This scheme is currently in the last year of its introductory phase which ends on 31 March 2014. Phase 2 of the scheme commenced on 01 April 2014. The authority is required to purchase and surrender allowances, currently retrospectively, on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a

Notes to the Accounts

liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption.

2. Accounting Standards Issued, Not Adopted

The Code of Practice requires that the authority discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question.

These amendments relate to:

- The requirements of International Financial Reporting Standards and other pronouncements by the International Accounting Standards Board in effect for accounting periods commencing on the 1 January 2014 (as adopted by the EU) apply unless specifically adapted by the Code. This is with the exception of IFRS13 *Fair Value Measurement* as the adoption of this standard has been deferred into the 2015/16 Code.
- IFRS 10 Consolidated Financial Statements
- IAS32 Financial Instruments : Presentation

It is anticipated that details of the disclosure requirements for most of these changes will be included in the Code of Practice issued for 2015/16

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, 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:

- There is a high degree of uncertainty about future levels of funding for local government. However, the council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The council is deemed to control the services provided under the agreement for street lighting and also to control the residual value of the assets at the end of the agreement. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and the street lights are recognised as Property, Plant and Equipment on the council's Balance Sheet.
- The council has deposits in one Icelandic bank, Glitnir, which is in administration. The deposits being held on the council's balance sheet are held in Icelandic Kroner in an escrow account. The timing of the release of the funds is subject to the lifting of the Icelandic Government's restrictions on the export of foreign currency.

4. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

Notes to the Accounts

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 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differs 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, charges in retirement ages, mortality rates and expected returns of pension funds.	The effect of the net pension liability due to changes in individual assumptions can be measured although the assumptions interact in complex ways. During 2014/15 the council's actuaries advised that the net pension liability has increased by £102.59 million.
Asset Lives	Assets are depreciated over their estimated useful lives which are dependant on assumptions on the level of repairs and maintenance, technical obsolescence or unplanned failure. The reductions being experienced in central government funding may restrict the extent of investment in maintenance and repairs and so reduce asset lives or, conversely force the council to operate assets beyond their planned use so creating uncertainty in the useful lives assigned to assets.	If the assumptions around asset lives are reduced depreciation charges will need to be revised and the carrying value of the asset will fall or rise. The estimated impact of all assets having their useful lives reduced by one year would be an increase in the annual depreciation costs of £7.848 million. The impact of this change would not be required to be reflected in the level of Council Tax charge.
Debts	The Council has a substantial amount of debts outstanding at the year end against which a provision for bad debt has been made. However the continuing economic climate and changes in welfare benefits could give rise to a greater level of non-payment of the council's charges.	To mitigate the risk of increasing non-payment and subsequent bad debt additional reserves have been set aside to protect the council against this risk.

5. Material Items of Income and Expenditure

There were no material items of income or expenditure to report for 2014/15.

6. Events After the Balance Sheet Date

Since the Balance Sheet date of 31 March 2015 there have been no material events which would require an adjustment to the financial statements. A further review of post balance sheet events will be conducted prior to the approval of the accounts.

Notes to the Accounts

7. Adjustments between Accounting Basis and Funding Basis under Regulations 2014/15

	General Fund Balance	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Useable Reserves	Total Unusable Reserves	Total Authority Reserves
Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2014	31,140	91,624	14,831	24,326	10,921	64,788	237,630	416,364	653,993
Movement in reserves during 2014/15									
Surplus on provision of services	18,663	-	73,779	-	-	-	92,442	-	92,442
Other Comprehensive Expenditure and Income	-	-	-	-	-	-	-	(80,151)	(80,151)
Total Comprehensive Income and Expenditure	18,663	-	73,779	-	-	-	92,442	(80,151)	12,291
Adjustments involving the Capital Adjustment Account:									
Reversal of items debited or credited to the comprehensive Income and Expenditure Statement:									
Charges for depreciation and impairment of non current assets	26,674	-	20,180	-	-	-	46,854	(46,854)	-
Revaluation losses on Property Plant and Equipment (charged to SDPS)	(3,256)	-	(63,350)	-	-	-	(66,606)	66,606	-
Movements in the Market value of Investment Properties	(14,253)	-	-	-	-	-	(14,253)	14,253	-
Amortisation of Intangible assets	659	-	-	-	-	-	659	(659)	-
Capital Grants and contributions applied	(17,912)	-	-	-	-	-	(17,912)	17,912	-
Revenue Expenditure Funded From Capital Under Statute	32,396	-	-	-	-	-	32,396	(32,396)	-
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-	-	-	-	-	-	-	-	-
Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement									
Statutory provision for the financing of capital investment	(713)	-	-	-	-	-	(713)	713	-
Capital expenditure charged against the General Fund and HRA balances	(6,628)	-	-	-	-	-	(6,628)	6,628	-
Adjustments involving the Capital Grants Unapplied Account:									
Capital Grants and contributions unapplied credited to CIES	(29,557)	-	-	-	-	29,557	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	-	(18,063)	(18,063)	18,063	-
Adjustments involving the Capital Receipts Reserve:									
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(556)	3,479	(2,394)	22,827	-	-	23,356	(23,356)	-
Use of the Capital Receipts Reserve to finance new capital expenditure	(2,268)	-	-	(3,520)	-	-	(5,788)	5,788	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1,582	-	-	(1,582)	-	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	72	-	-	72	(72)	-
Adjustments involving the Major Repairs Reserve:									
Reversal of Major Repairs Allowance credited to the HRA	(49)	-	(28,109)	-	28,158	-	-	-	-
Use of the Major Repairs reserve to finance new capital expenditure	-	-	-	-	(21,149)	-	(21,149)	21,149	-
Adjustments involving the Financial Instruments Adjustment Account:									
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	5	-	5	-	-	-	10	(10)	-
Adjustments involving the Pension Reserve:									
Reversal of items relating to retirement benefits debited or credited to the comprehensive Income and Expenditure Statement	36,218	-	-	-	-	-	36,218	(36,218)	-
Employer's pensions contributions and direct payments to pensioners payable in the year	(21,944)	-	-	-	-	-	(21,944)	21,944	-
Adjustments involving the Collection Fund Adjustment Account:									
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	2,463	-	-	-	-	-	2,463	(2,463)	-
Adjustment involving the Accumulated Absences Account:									
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(932)	-	-	-	-	-	(932)	932	-
Adjustments between accounting basis & funding basis under regulations	1,929	3,479	(73,668)	17,797	7,009	11,494	(31,960)	31,960	-
Net Increase / Decrease before Transfers to Earmarked Reserves	20,592	3,479	111	17,797	7,009	11,494	60,482	(48,191)	12,291
Transfer to / from Earmarked Reserves	(23,781)	21,052	-	3,479	-	(750)	-	-	-
Increase / Decrease in Year	(3,189)	24,531	111	21,276	7,009	10,744	60,482	(48,191)	12,291
Balance at 31 March 2015 carried forward	27,951	116,155	14,942	45,602	17,930	75,532	298,112	368,173	666,285

Notes to the Accounts

Adjustments between Accounting Basis and Funding Basis under Regulations 2013/14

	General Fund Balance	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Useable Reserves	Total Unusable Reserves	Total Authority Reserves
Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2013	30,592	75,513	16,072	21,227	6,637	58,728	208,769	387,092	595,861
Movement in reserves during 2013/14									
Surplus on provision of services*	17,179	-	33,397	-	-	-	50,576	-	50,576
Other Comprehensive Expenditure and Income	-	-	-	-	-	-	-	7,557	-
Total Comprehensive Income and Expenditure	17,179	-	33,397	-	-	-	50,576	7,557	58,133
Adjustments involving the Capital Adjustment Account:									
Reversal of items debited or credited to the comprehensive Income and Expenditure Statement:									
Charges for depreciation and impairment of non current assets	25,378	-	19,404	-	-	-	44,782	(44,782)	-
Revaluation losses on Property Plant and Equipment (charged to SDPS)*	(9,484)	-	(26,869)	-	-	-	(36,353)	36,353	-
Movements in the Market value of Investment Properties	(866)	-	-	-	-	-	(866)	866	-
Amortisation of Intangible assets	866	-	-	-	-	-	866	(866)	-
Capital Grants and contributions applied	(22,324)	-	-	-	-	-	(22,324)	22,324	-
Revenue Expenditure Funded From Capital Under Statute	28,224	-	-	-	-	-	28,224	(28,224)	-
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	30,423	-	470	-	-	-	30,893	(30,893)	-
Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement									
Statutory provision for the financing of capital investment	(6,978)	-	-	-	-	-	(6,978)	6,978	-
Capital expenditure charged against the General Fund and HRA balances	(11,430)	-	-	-	-	-	(11,430)	11,430	-
Adjustments involving the Capital Grants Unapplied Account:									
Capital Grants and contributions unapplied credited to CIES	(20,384)	-	-	-	-	20,384	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	-	(14,324)	(14,324)	14,324	-
Adjustments involving the Capital Receipts Reserve:									
Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES	(2,258)	-	(62)	21,014	-	-	18,694	(18,694)	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	(16,567)	-	-	(16,567)	16,567	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	1,532	-	-	(1,532)	-	-	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-	184	-	-	184	(184)	-
Adjustments involving the Major Repairs Reserve:									
Reversal of Major Repairs Allowance credited to the HRA	-	-	(27,366)	-	27,366	-	-	-	-
Use of the Major Repairs reserve to finance new capital expenditure	-	-	-	-	(23,082)	-	(23,082)	23,082	-
Adjustments involving the Financial Instruments Adjustment Account:									
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	(2)	-	(215)	-	-	-	(217)	217	-
Adjustments involving the Pension Reserve:									
Reversal of items relating to retirement benefits debited or credited to the comprehensive Income and Expenditure Statement	6,787	-	-	-	-	-	6,787	(6,787)	-
Employer's pensions contributions and direct payments to pensioners payable in the year	(21,030)	-	-	-	-	-	(21,030)	21,030	-
Adjustments involving the Collection Fund Adjustment Account:									
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	1,292	-	-	-	-	-	1,292	(1,292)	-
Adjustment involving the Accumulated Absences Account:									
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(266)	-	-	-	-	-	(266)	266	-
Adjustments between accounting basis & funding basis under regulations	(520)	-	(34,638)	3,099	4,284	6,060	(21,715)	21,715	-
Net Increase / Decrease before Transfers to Earmarked Reserves	16,659	-	(1,241)	3,099	4,284	6,060	28,861	29,272	58,133
Transfer to / from Earmarked Reserves	(16,111)	16,111	-	-	-	-	-	-	-
Increase / Decrease in Year	548	16,111	(1,241)	3,099	4,284	6,060	28,861	29,272	58,133
Balance at 31 March 2014 carried forward	31,140	91,624	14,831	24,326	10,921	64,788	237,630	416,364	653,994

*Re-stated

Notes to the Accounts

8. Transfers to / from Earmarked Reserves

Earmarked reserves are amounts of money set aside to cover expenditure in future years on specified projects or major initiatives that would not be able to proceed unless money had previously been set aside.

The movement on the council's earmarked reserves during the year is shown below:

	Reserve b/fwd at 01/04/2013	In year related Expenditure	Written back in year	New Reserves Raised	Reserve b/fwd at 31/03/2014	In year related Expenditure	Written back in year	New Reserves Raised	Reserve c/fwd at 31/03/2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Central - Capital (i)	191	(111)	-	-	80	(1,735)	-	3,111	1,456
Central - Financing (ii)	2,836	(244)	-	-	2,592	-	-	-	2,592
Central - Infrastructure (iii)	14,956	-	-	7,609	22,565	(533)	-	12,507	34,539
Central - Risk (iv)	16,267	(8,224)	-	7,457	15,500	(4,885)	-	1,653	12,268
Central - Service Development (v)	6,517	(3,251)	-	6,311	9,577	(13,578)	-	11,945	7,944
Central - Transformation (vi)	13,544	(5,156)	-	2,905	11,293	(7,213)	-	11,000	15,080
Service - Other (vii)	20,793	(8,645)	-	17,460	29,608	(13,604)	-	24,336	40,340
Sub Total General Fund Earmarked	75,104	(25,631)	-	41,742	91,215	(41,548)	-	64,552	114,219
Special Parking Account (SPA)	409	-	-	-	409	-	-	1,527	1,936
Total Earmarked Reserves	75,513	(25,631)	-	41,742	91,624	(41,548)	-	66,079	116,155

- i) Capital - to fund future capital expenditure
- ii) Financing - financing the effective management of the medium term financial strategy
- iii) Infrastructure - the new homes bonus will be set aside in this reserve to fund the cost of infrastructure in Barnet
- iv) Risk – to manage litigation and other corporate risks not otherwise recognised
- v) Service development - to fund new commissions and service transformation proposals
- vi) Transformation – to fund the transformation programme to change, protect and improve council services
- vii) Service –other. Including: Dedicated Schools grant (DSG) – balances in respect of delegated schools budgets. Changes in Benefit subsidy – to cover anticipated costs in respect of Department of Works and Pensions enforced changes to Benefits administration. Street lighting scheme – improvements to management.

9. Other Operating Expenditure

	2014/15 £'000	2013/14 £'000
Precepts and levies	1,450	1,488
Trading operations	2,028	810
Contribution to government housing pool	1,583	1,532
(Gain) / loss on disposal *	(806)	29,320
Total	4,255	33,150

* No schools transferred to Academy status in 2014/15 (2013/14 £22.702m transferred in respect of 4 schools).

Notes to the Accounts

10. Financing and Investment Income and Expenditure

	2014/15 £'000	2013/14 £'000
Interest and Investment Income	(4,122)	(4,354)
Net interest on the net defined benefit liability	15,980	15,083
Interest payable and similar charges	6,337	5,343
Movement in investment property valuation	(20,721)	413
Total	(2,526)	16,485

11. Taxation and Non-Specific Grant Income

	2014/15 £'000	2013/14 £'000
Demand on Collection Fund	(173,909)	(171,793)
Revenue grant support	(65,247)	(77,121)
Business Rates Related	(19,004)	(17,435)
Non-specific grants	(19,949)	(18,514)
Public Health Grant	(14,335)	(13,799)
Capital grants unapplied	(22,908)	(8,368)
Capital grants applied	(10,112)	(18,660)
Total	(325,462)	(325,690)

12. Movement of Property, Plant and Equipment, Investment Properties, Intangible Assets and Assets Held for Sale

The Principal Valuation Manager, Judith Ellis MRICS, values the Council's freehold property portfolio in accordance with the statements of asset valuation practice and the guidance notes of the Royal Institute of Chartered Surveyors (RICS). The valuation basis for each of the asset categories included in the council's balance sheet is detailed in the accounting policies.

The valuation date for council dwellings was 31 March 2015. Where applicable the valuation date for all other assets was 01 April 2014. This date was used as directed by the RICS, to allow sufficient time to collect and assess valuation information.

Consideration has been given by the Principal Valuation Manager as to whether there have been any significant adverse changes in the statutory or regulatory environment during the accounting period which could have affected the above valuations with the conclusion that there has not been any such change.

From 2014/15, local authority maintained schools are capable of being treated as separate entities for control purposes. As a consequence, schools, assets, will be recognised in the Council's single entity accounts where applicable.

For 2014/15 each school has been considered on a school by school basis, to establish whether the school controls the non-current assets (including land, property, plant, equipment and playing fields). As a result all Community and Foundation schools have been included in the balance sheet.

At 31 March 2015, the council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2015/16 and future years, budgeted to cost £20.702m (£25.627m in 2013/14*).

*re-stated for missing highways and Education commitments

Notes to the Accounts

Movement of Property, Plant and Equipment, Heritage Assets, Investment Properties, Intangible Assets and Assets Held for Sale 2014/15

	Property, Plant and Equipment								Total PPE £'000	Heritage Assets £'000	Investment Properties £'000	Intangible assets £'000	Assets Held for Sale £'000	Total Assets £'000
	Council House Dwellings	Other land and Buildings	Schools	Vehicles Plant and Equipment	Infrastructure	Community Assets	Surplus assets	Assets under construction						
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000						
Value of assets at 31 March 2014	652,133	163,692	207,036	55,766	162,213	336	16,595	44,270	1,302,041	1,112	68,306	7,759	398	1,379,616
Reclassifications	-	(19,522)	-	(73)	-	(10)	-	-	(19,605)	-	19,605	-	-	-
Additions from AUC	25,572	1,959	32,259	3,298	5,415	-	-	(74,569)	(6,066)	-	-	6,066	-	-
Additions	-	-	-	-	417	-	-	45,661	46,078	-	-	-	-	46,078
Revaluation increases recognised in the Revaluation Reserve	1,359	-	2,016	-	-	-	1,725	-	5,100	-	-	-	-	5,100
Revaluation decreases recognised in the Revaluation Reserve	(31)	(2,040)	(11,798)	-	-	-	-	-	(13,869)	(28)	-	-	-	(13,897)
Revaluation increases recognised in the Surplus/Deficit on the Provision of Service	-	565	2,821	-	-	-	-	-	3,386	-	22,258	-	-	25,644
Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	(3,821)	(2,410)	(4,999)	-	-	(10)	-	-	(11,240)	-	(1,772)	-	-	(13,012)
Derecognition - Disposals	(16,115)	(120)	-	-	-	-	-	-	(16,235)	-	(7,131)	-	(48)	(23,414)
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Value of assets at 31 March 2015	659,097	142,124	227,335	58,991	168,045	316	18,320	15,362	1,289,590	1,084	101,266	13,825	350	1,406,115
Accumulated Depreciation at 31 March 2014	(67,343)	(18,744)	(9,881)	(36,358)	(77,735)	-	(56)	-	(210,117)	(12)	(2)	(5,967)	-	(216,098)
Reclassifications	-	211	-	25	-	-	-	-	236	-	(236)	-	-	-
Writeback of depreciation on revaluation	67,343	7,065	9,716	-	-	-	-	-	84,124	8	236	-	-	84,368
Derecognition - Disposals	-	55	-	-	-	-	-	-	55	-	-	-	-	55
Derecognition - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	(19,003)	(4,241)	(7,203)	(3,361)	(10,858)	-	(29)	-	(44,695)	-	-	(658)	-	(45,353)
	(19,003)	(15,654)	(7,368)	(39,694)	(88,593)	-	(85)	-	(170,397)	(4)	(2)	(6,625)	-	(177,028)
Net book value of Asset at 31 March 2014	584,790	144,948	197,155	19,408	84,478	336	16,539	44,270	1,091,924	1,100	68,304	1,792	398	1,163,518
Net book value of Asset at 31 March 2015	640,094	126,470	219,967	19,297	79,452	316	18,235	15,362	1,119,193	1,080	101,264	7,200	350	1,229,087

Notes to the Accounts

Movement of Property, Plant and Equipment, Heritage Assets, Investment Properties, Intangible Assets and Assets Held for Sale 2013/14*

	Property, Plant and Equipment								Total PPE £'000	Heritage Assets £'000	Investment Properties £'000	Intangible assets £'000	Assets Held for Sale £'000	Total Assets £'000
	Council House Dwellings	Other land and Buildings	Schools	Vehicles Plant and Equipment	Infrastructure	Community Assets	Surplus assets £'000	Assets under construction £'000						
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000						
Value of assets at 31 March 2013	610,322	171,176	225,768	43,553	151,982	369	14,142	22,019	1,239,331	1,069	67,733	7,758	16,191	1,332,082
Reclassifications	-	(3,453)	-	-	-	-	9,999	-	6,546	-	4,882	-	(11,428)	-
Additions from AUC	27,134	945	2,358	12,507	9,826	-	-	(52,966)	(196)	-	-	196	-	-
Additions	-	-	-	-	405	-	-	75,217	75,622	-	-	-	-	75,622
Revaluation increases recognised in the Revaluation Reserve	17	1,410	2,359	-	-	-	100	-	3,886	43	-	-	605	4,534
Revaluation decreases recognised in the Revaluation Reserve	(3)	(9,556)	(185)	-	-	-	(103)	-	(9,847)	-	-	-	(480)	(10,327)
Revaluation increases recognised in the Surplus/Deficit on the Provision of Service	26,870	4,167	4,849	-	-	-	-	-	35,886	-	4,072	-	-	39,958
Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services	-	-	-	(97)	-	(33)	(54)	-	(184)	-	(4,648)	(195)	-	(5,027)
Derecognition - Disposals	(12,207)	(640)	(28,113)	(197)	-	-	(7,489)	-	(48,646)	-	(3,733)	-	(4,490)	(56,869)
Derecognition - Other	-	(357)	-	-	-	-	-	-	(357)	-	-	-	-	(357)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Value of assets at 31 March 2014	652,133	163,692	207,036	55,766	162,213	336	16,595	44,270	1,302,041	1,112	68,306	7,759	398	1,379,616
Accumulated Depreciation at 31 March 2013	(48,537)	(20,131)	(25,650)	(34,218)	(67,104)	-	(5)	-	(195,645)	(12)	(1,452)	(5,103)	(860)	(203,072)
Reclassifications	-	(838)	-	-	-	-	(22)	-	(860)	-	-	-	860	-
Writeback of depreciation on revaluation	151	5,816	17,345	91	-	-	-	-	23,403	-	160	-	-	23,563
Derecognition - Disposals	-	156	5,682	157	-	-	-	-	5,995	-	1,290	-	-	7,285
Derecognition - Other	-	357	-	-	-	-	-	-	357	-	-	-	-	357
Depreciation charge	(18,957)	(4,104)	(7,258)	(2,388)	(10,631)	-	(29)	-	(43,367)	-	-	(864)	-	(44,231)
	(67,343)	(18,744)	(9,881)	(36,358)	(77,735)	-	(56)	-	(210,117)	(12)	(2)	(5,967)	-	(216,098)
Net book value of Asset at 31 March 2013	561,785	151,044	200,118	9,337	84,879	369	14,138	22,019	1,043,689	1,057	66,279	2,655	15,333	1,129,013
Net book value of Asset at 31 March 2014	584,790	144,948	197,155	19,408	84,478	336	16,539	44,270	1,091,924	1,100	68,304	1,792	398	1,163,518

*13/14 has been restated to correctly show impairment movements against the asset value and not in the accumulated depreciation as stated previously. One school was also previously included in Other Land and Buildings and has been corrected.

Notes to the Accounts

13. Heritage Assets

The council's heritage assets are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the council's history and local area.

Movement on Heritage Asset balances are detailed in Note 12 (Movement in Property, Plant and Equipment, Investment Properties, Intangible Assets and Assets Held for Sale).

14. Investment Properties

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:

Investment Properties	2014/15	2013/14
	£'000	£'000
Rental income from investment property	(2,797)	(2,865)
Direct operating expenses arising from investment property	-	-
Net (gain) / loss	<u>(2,797)</u>	<u>(2,865)</u>

Movements in the fair value of investment properties are detailed in Note 12 (Movement in Property, Plant and Equipment, Investment Properties, Intangible Assets and Assets Held for Sale).

15. Intangible Assets

The council accounts for its software as intangible assets, unless the software is an integral part of a particular IT system in which case it is accounted for as part of the hardware item of Property, Plant and Equipment. None of the intangible assets have been internally generated. Movements on Intangible Asset balances are detailed in Note 12 (Movement in Property, Plant and Equipment, Investment Properties, Intangible Assets and Assets Held for Sale).

16. Financial Instruments

Financial Liabilities

A Financial Liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to the Council.

The Council's loan portfolio at year end consisted of PWLB and market debt. Under the 2014/15 Code of Practice these forms of borrowing are measured at amortised cost. This form of measurement does not change the amount of cash paid under the terms of the loan but can impact on the charge made to the Comprehensive Income and Expenditure Statement.

Financial Assets

A Financial Asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset.

Notes to the Accounts

The three classifications for financial assets under the Code of Practice are:

- Loans and Receivables;
- Available for Sale; and
- Fair Value through Profit or Loss.

The Council's portfolio of investments consists of fixed term deposits, money market funds, call/notice accounts. Term deposits and call accounts are classed as 'Loans and Receivables' and are measured at amortised cost. This form of measurement does not change the amount of cash received under the terms of the investment. Trade Receivables (i.e. Trade Debtors) are classified as Loans and Receivables. These have been measured at cost on the Balance Sheet.

Balances in money market funds and call accounts at 31 March 2015 are shown under 'cash and cash equivalents' in the Balance Sheet, as they represent highly liquid investments that are readily convertible to known amounts of cash, with an insignificant risk of changes in value.

The Council does not have any investments required to be measured at Fair Value through Profit or Loss.

Transaction Costs

Measurement at amortised cost permits transaction costs relating to financial instruments to be attached to the loan or investment and charged to the Comprehensive Income and Expenditure Statement over the life of the instrument. Where these are considered to be immaterial they can be charged in full to the Comprehensive Income and Expenditure Statement in the financial year in which they are incurred. The Council has adopted this latter approach.

Financial Instruments - Balances

The financial assets and liabilities disclosed in the Balance Sheet are analysed across the following categories:

	Long Term 31/03/2015 £'000	Long Term 31/03/2014 £'000	Current 31/03/2015 £'000	Current 31/03/2014 £'000
Borrowing	304,735	306,116	2,777	-
Trade Creditors	-	-	40,342	48,704
Bank Overdraft	-	-	16,880	22,423
PFI/Finance Lease Liabilities	16,780	17,115	334	295
Total Financial Liabilities at amortised cost	321,515	323,231	60,333	71,422
Loans	825	913	-	-
Receivables	23,090	19,888	327,215	266,629
Total Financial Assets	23,915	20,801	327,215	266,629

Notes to the Accounts

The following table reflects the composition of investments and debt recorded on the Balance Sheet:

	Long Term 31/03/2015 £'000	Long Term 31/03/2014 £'000	Current 31/03/2015 £'000	Current 31/03/2014 £'000
Borrowing:				
Nominal Amount	304,080	304,080	-	-
Accrued Interest	-	1,419	2,777	-
Unamortised Discounts/(Premiums) on Modified Loan(s)	655	617	-	-
Total Borrowings as per Balance Sheet	304,735	306,116	2,777	-
Investments:				
Nominal Amount	22,953	19,799	203,700	160,100
Accrued Interest	137	89	712	221
Total Investments as per Balance Sheet	23,090	19,888	204,412	160,321

The portion of long-term liabilities and investments due to be settled within 12 months of the Balance Sheet date are presented in the Balance Sheet under 'current liabilities' or 'current investments'. This would include accrued interest on long term liabilities and investments that are payable/receivable in 2014/15.

Current Investments includes £171.171m which appears on the balance sheet under cash and cash equivalents being investments repayable within 90 days. The balance of £33.241m is shown as short term investments.

Soft Loans – Balances

Where loans are advanced at below market rates they are classed as 'Soft Loans'. The Code of Practice sets out specific accounting and disclosure requirements for soft loans. The Council does not have any soft loans.

Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consists of the following items:

	Financial Liabilities Liabilities measured at amortised cost £'000	Financial Assets Loans and receivables £'000	Total 2014/15 £'000
Interest payable and similar charges	(11,705)	-	(11,705)
Interest Income	-	1,497	1,497
Net gain/(loss) for the year	(11,705)	1,497	(10,208)

Financial Instruments - Fair Values

For each class of financial assets and financial liabilities, a Council is required to disclose the fair value of that class of assets and liabilities in such a way that a comparison with the carrying amount is possible.

Notes to the Accounts

The Council's long term loans are carried in the Balance Sheet at amortised cost. Investments consist of loan and receivables which are carried on the Balance Sheet at amortised cost.

The portion of debt and investments due to be settled within 12 months of the Balance Sheet date are presented in the Balance Sheet under short term liabilities or short term investments. This also includes accrued interest for long term investments and borrowings, as well as accrued interest for cash and cash equivalents.

The Code of Practice requires the Fair Values of these assets and liabilities to be disclosed for comparison purposes. Fair Value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. The Fair Value of a financial instrument on initial recognition is generally the transaction price. The Council's debt outstanding at 31 March 2014 and 31 March 2015 consisted of loans from the Public Works Loan Board (PWLB) and market loans. The PWLB has provided the Council with Fair Value amounts in relation to its debt portfolio. The PWLB has assessed the Fair Values by calculating the amounts the Council would have had to pay to extinguish the loans on these dates. In the case of market loans, the Council wrote to the lender. Due to no response, the Council's Treasury Adviser has calculated the fair value based on equivalent swap rates at the Balance Sheet date.

The Council's investment portfolio at the Balance Sheet date consisted almost entirely of term deposits with Banks and Building Societies, call/notice account deposits and Money Market Fund (MMF) investments. The maturity dates of these investments i.e. trade debtors and creditors, were all within 12 months of the Balance Sheet date. In the case of short term instruments and deferred liabilities (PFI, finance leases, etc) the Council deems the carrying amount to be a reasonable approximation of the fair value.

Short term instruments and deferred liabilities	Carrying Amount		Fair Value	
	31/03/2015	31/03/2015	31/03/2014	31/03/2014
	£'000	£'000	£'000	£'000
Financial Liabilities:				
Borrowing	307,512	413,558	306,116	340,198
Deferred Liabilities	13,444	13,444	10,515	10,515
Trade Payables (Creditors)	42,502	42,502	48,704	48,704
Total Financial Liabilities	363,458	469,504	365,335	399,417
Financial Assets:				
Long Term Investments	23,090	23,090	19,888	19,882
Short Term Deposits	171,171	171,171	135,287	135,287
Short Term Investments	33,241	33,241	25,034	25,050
Trade Receivables (Debtors)	87,437	87,437	81,418	81,418
Total Financial Assets	314,939	314,939	261,627	261,637

Financial Liabilities

The fair value of long-term liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date.

Notes to the Accounts

Financial Assets

The fair value for long term investments at the Balance Sheet date includes £2.942m representing the outstanding investment in Icelandic banks.

17. Inventories

The council's inventories at 31 March are shown below:

	2014/15 £'000	2013/14 £'000
Works in progress	-	-
Stock	612	663
Total	612	663

18. Construction Contracts

At 31 March 2015 the council had one construction contract in progress: the construction of a free school for the Department for Education (DfE). The value of work completed has been established using a stage of completion methodology based on architects' certificates obtained at year end. The amounts received from the DfE at 31 March 2015 were as follows:

	2014/15 Department of Education £'000	2013/14 Department of Education £'000
Costs incurred to date	60	633
Revenue recognised:		
- before 1st April 2014	(1)	(263)
- before 1st April 2015	(59)	(370)
Profit / (loss)	-	-
Advances received	-	(1)
Comprising- works to be carried out	-	1

19. Debtors

An analysis of the council's debtors as at 31 March is as follows:

	2014/15 £'000	2013/14 £'000
Central Government Bodies	10,759	28,648
Other Local Authorities	475	2,205
Public Corporations and Trading Funds	596	225
NHS bodies	99	1,659
Bodies External to General Government	87,437	81,418
Payments in Advance	27,489	30,114
Sub total	126,855	144,269
Less: provision for bad debts	(32,655)	(36,806)
Net total	94,200	107,463

Notes to the Accounts

The following approach was taken with regards to estimating the provision for bad debts. In this context, provision for bad debts means the extent to which the original amount of debt is impaired (recovery could be doubtful). The council will still continue to pursue these debts. The council's debtors were considered collectively for impairment, as there was no individual debtor that was considered to be individually significant. Total debtors were then divided into the following subgroup:

- Tenants
- Council Tax
- Other local authorities and public bodies
- Sundry (trade) debtors

Historical data shows that each of these sub-groups has different characteristics as to the debtors' propensity to pay all amounts due. An assessment of impairment of debtors of each sub group was undertaken at the balance sheet date based primarily on historical loss experience and adjusted to reflect the current economic climate and the council's debt management procedures. There are currently no debts past due which are not impaired.

20. Assets Held for Sale

Movements in the assets held for sale are detailed in Note 12 (Movement in Property, Plant and Equipment, Investment Properties, Intangible Assets and Assets Held for Sale).

21. Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

	2014/15	2013/14
	£'000	£'000
Cash	35,366	24,890
Short term deposits	171,171	135,287
Amount disclosed in Current Assets	206,537	160,177
Overdraft: disclosed in Current liabilities	(16,880)	(22,423)
Total	189,657	137,754

Excluded from Cash and cash equivalents is £1.253m held on behalf of third parties and is not available to support the council's operations.//////////

22. Creditors

An analysis of the council's creditors as at 31 March is as follows:

	2014/15	2013/14
	£'000	£'000
Central Government Bodies	23,451	29,353
Other Local Authorities	5,299	2,501
Public Corporations and Trading Funds	8,924	2,693
NHS bodies	-	1,813
Bodies External to General Government	40,342	48,704
Receipts in Advance	10,261	8,764
Creditor total	88,277	93,828

Notes to the Accounts

23. Provisions

Provisions are amounts of money set aside to meet liabilities that have arisen from past events and which are likely to result in the future transfer of economic benefit to a third party. However, the precise amount and timing of such a transfer is uncertain. Provisions are included as expenditure within the net cost of services within the Comprehensive Income and Expenditure Statement and are split between current and long term on the balance sheet.

	Note	As at 1/04/2013 £'000	In year related payments £'000	Written back in year £'000	New provisions raised £'000	As at 1/04/2014 £'000	In year related payments £'000	Written back in year £'000	New provisions raised £'000	As at 31/03/2015 £'000
Carbon Reduction Commitment		383	(368)	-	358	373	(373)	-	-	-
Grants to Voluntary Sector	i)	106	(80)	-	79	105	(71)	(12)	61	83
Housing & Property	ii)	319	(2)	(62)	1	256	-	-	-	256
Insurance	iii)	9,174	(180)	(144)	-	8,850	-	-	-	8,850
Legal	iv)	304	(220)	-	-	84	(29)	-	794	849
Services Provision Related	v)	402	(402)	-	795	795	(376)	-	347	766
Redundancy costs		492	(491)	(1)	52	52	(52)	-	-	-
Business Rates Appeals	vi)	-	-	-	-	-	-	-	2,640	2,640
Total		11,180	(1,743)	(207)	1,285	10,515	(901)	(12)	3,842	13,444
						Short Term	4,765		Short Term	7,691
						Long term	5,750		Long term	5,753

- i) Grants to Voluntary Sector - Awards, or proportions of awards, to voluntary and community groups from the corporate grants budget in previous years remain outstanding pending compliance with special conditions in each case.
- ii) Housing & Property - Relates predominately to the North London Business Park due to extra space taken on the ground floor in prior years.
- iii) Insurance - Provision is for liabilities that have occurred but where the timing of the payment is dependent upon the claim settlement process. The provision reflects 100% of the council's ultimate projected liabilities.
- iv) Legal - This provision is to cover the potential liability of an on-going legal case.
- v) Service Provision – The majority of items relate to residential care- ordinary residents cases.
- vi) Business Rates - Provision is to cover settlement of previous and potential appeals by rate payers

24. Usable Reserves

Movements in the council's usable reserves are detailed in the Movement in Reserves Statement.

Notes to the Accounts

25. Unusable Reserves

Movements in the council's unusable reserves are detailed below:

	Revaluation Reserve*	Capital Adjustment Account*	Financial Instruments Adjustment Account	Collection Fund Adjustment Account	Pension Reserve	Accumulating Compensated Absences Adjustment	Deferred Capital Receipts	Total Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2014	130,844	655,664	(536)	9,382	(373,665)	(5,508)	183	416,364	653,994
Movement in reserves during 2014/15									
Surplus / (Deficit) on provision of services	-	-	-	-	-	-	-	-	92,442
Other Comprehensive Expenditure and Income	8,164	-	-	-	(88,315)	-	-	(80,151)	(80,151)
Total Comprehensive Income and Expenditure	8,164	-	-	-	(88,315)	-	-	(80,151)	12,291
Adjustments between accounting basis & funding basis under regulations	(4,594)	52,441	(10)	(2,463)	(14,274)	932	(72)	31,960	-
Net Increase / Decrease before Transfers to Earmarked Reserves	3,570	52,441	(10)	(2,463)	(102,589)	932	(72)	(48,191)	12,291
Transfer to / from Earmarked Reserves	-	-	-	-	-	-	-	-	-
Increase / Decrease in Year	3,570	52,441	(10)	(2,463)	(102,589)	932	(72)	(48,191)	12,291
Balance at 31 March 2015 carried forward	134,414	708,105	(546)	6,919	(476,254)	(4,576)	111	368,173	666,285
	Revaluation Reserve*	Capital Adjustment Account*	Financial Instruments Adjustment Account	Collection Fund Adjustment Account	Pension Reserve	Accumulating Compensated Absences Adjustment	Deferred Capital Receipts	Total Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2013	136,399	624,034	(753)	10,674	(377,855)	(5,774)	367	387,092	595,861
Movement in reserves during 2013/14									
Surplus / (Deficit) on provision of services	-	-	-	-	-	-	-	-	50,576
Other Comprehensive Expenditure and Income	17,610	-	-	-	(10,053)	-	-	7,557	7,557
Total Comprehensive Income and Expenditure	17,610	-	-	-	(10,053)	-	-	7,557	58,133
Adjustments between accounting basis & funding basis under regulations	(23,165)	31,630	217	(1,292)	14,243	266	(184)	21,715	-
Net Increase / Decrease before Transfers to Earmarked Reserves	(5,555)	31,630	217	(1,292)	4,190	266	(184)	29,272	58,133
Transfer to / from Earmarked Reserves	-	-	-	-	-	-	-	-	-
Increase / Decrease in Year	(5,555)	31,630	217	(1,292)	4,190	266	(184)	29,272	58,133
Balance at 31 March 2014 carried forward	130,844	655,664	(536)	9,382	(373,665)	(5,508)	183	416,364	653,994

*Restated for a prior period impairment reversal error where impairments were overstate.

Notes to the Accounts

Revaluation Reserve

The revaluation reserve contains the gains made by the council arising from increases in the value of its Property, Plant and Equipment. 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.

The revaluation reserve has been restated for 2013/14. The restatement relates to impairment reversals that were made in 2008/09 which were incorrectly reversed therefore leading to the Capital adjustment account being overstated and the Revaluation reserve understated. The correction of £28.122m has been made to the opening balance in 2013/14.

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 value figures 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 7 provides details of the source of all the transactions posted to the accounts, apart from those involving the revaluation reserve.

The Capital adjustment account has been restated please see details in Revaluation Reserve above.

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.

The council uses the account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the account in the Movement in Reserves Statement. Over time, the expense is posted back to the General

Notes to the Accounts

Fund Balance in accordance with statutory arrangements for spreading the burden on council tax.

The unamortised debt premium relates to a penalty imposed on the council by a lender several years ago when a debt was paid off early. This premium is to be written down to revenue over a number of financial years equal to the unexpired term of the original loan instrument.

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 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 that benefits earned to be financed as the council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

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.

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 and business rates payers compared with the statutory arrangements for paying across amounts to the general fund from the Collection Fund.

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.

Notes to the Accounts

26. Operating Activities

Net Cash Flows from Operating Activities

	2014/15		2013/14	
	£'000	£'000	£'000	£'000
Net Surplus on the Provision of Services		92,442		50,576
Adjust net surplus on the provision of services for non cash movements				
Depreciation	46,699		36,579	
Impairment and downward valuations	(65,396)			
Amortisation	659		866	
(Increase)/Decrease in Creditors	(2,404)		799	
(Increase)/Decrease in Debtors	14,643		(35,870)	
(Increase)/Decrease in Inventories	51		(69)	
Movement in Pension Liability	14,274		(14,243)	
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	23,356		49,584	
Other non-cash items charged to the net surplus or deficit on the provision of services	(9,928)		(2,615)	
		21,954		35,031
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities				
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(26,307)		(21,015)	
Any other item of which the cash affects are investing or financing cashflow	(47,469)		(42,707)	
		(73,776)		(63,722)
Net Cash Flows from Operating Activities		40,620		21,885

Operating activities within the cash flow statement include the following cash flows interest

	2014/15		2013/14	
	£'000	£'000	£'000	£'000
Ordinary interest received	1,325		1,488	
Interest charge for year	(7,733)		(5,174)	
Interest Paid		(6,408)		(3,686)

Notes to the Accounts

27. Investing Activities

Cash Flows from Investing Activities

	2014/15		2013/14	
	£'000	£'000	£'000	£'000
Property, Plant and Equipment Purchased	(53,747)		(98,467)	
Purchase of short term investments	(38,241)		-	
Purchase of long term investments			(15,088)	
Proceeds from the sale of property plant and equipment, investment property and intangible assets	26,379		20,425	
Proceeds from short term investments	26,832		52,209	
Other Receipts from Investing Activities	47,485		42,652	
Total Cash Flows from Investing Activities		8,708		1,731

28. Financing Activities

Cash Flows from Financing Activities

	2014/15		2013/14	
	£'000	£'000	£'000	£'000
Cash payments for the reduction of outstanding liabilities relating to finance leases and on-Balance-Sheet PFI contracts	(296)		(261)	
Other payments/receipts for financing activities	2,871		(907)	
Total Cash Flows from Financing Activities		2,575		(1,168)

29. 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 Cabinet Resources Committee on the basis of budget reports analysed across directorates. 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 (payments of employer's pension contributions) rather than current service cost of benefits accrued in the year in directorates.

Notes to the Accounts

Directorate	2014/15		
	Budget	Actual	(Under)/ Overspend
	£'000	£'000	£'000
Adults and Communities	90,746	93,218	2,472
Assurance	4,060	4,186	126
Children's Education	7,211	7,211	-
Children's Family Service (inc DSG)	50,436	50,505	69
Commissioning Group	7,760	7,760	-
Streetscene	15,357	15,399	42
Commercial - Infrastructure and Parking	(878)	(1,126)	(248)
Public Health	14,335	14,335	-
HB Public Law	1,952	1,883	(69)
Housing needs resources	4,833	5,170	337
Re	1,039	1,257	218
CSG	23,341	23,341	-
Services (Under)/Overspend	220,192	223,139	2,947
Central Expenses (including reserves/ funding)	66,220	64,352	(1,868)
Total Expenditure	286,412	287,491	1,079
Schools Services contribution			2,110
Movement on General Fund (MiRS)			3,189

School balances at 31 March 2015 were £13.079m (£15.189m as 31 March 2014). This is a decrease in the schools balances of £2.110m which combined with the outturn decrease in the General Fund of £1.079m shown in the table above gives the overall decrease of £3.189m as seen in the Movement in reserves Statement.

Notes to the Accounts

Subjective Analysis by Directorate 2014/15

	Adults and Communities	Assurance	Children's Education	Children's Family Service (inc DSG)	Commissioning Group	Streetscene	Public Health	HB Public Law	Commercial Infrastructure and Parking	Housing needs resources	Re	CSG	Central	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Directorate Income and Expenditure 2014/15														
Income														
Grants, Fees and Charges	31,587	973	12,654	226,555	257,256	7,479	-	773	14,727	15,840	25,043	18,436	2,612	613,935
	31,587	973	12,654	226,555	257,256	7,479	-	773	14,727	15,840	25,043	18,436	2,612	613,935
Expenditure														
Employment Costs	18,861	3,743	10,757	31,083	9,274	15,889	32	-	1,210	-	30	12	3,573	94,464
Other Service Costs	105,944	1,416	9,108	245,977	255,742	6,989	14,303	2,656	12,391	21,010	26,270	41,765	63,391	806,962
	124,805	5,159	19,865	277,060	265,016	22,878	14,335	2,656	13,601	21,010	26,300	41,777	66,964	901,426
Out turn reported to Management	93,218	4,186	7,211	50,505	7,760	15,399	14,335	1,883	(1,126)	5,170	1,257	23,341	64,352	287,491
Recharges	4,816	(705)	5,201	10,692	(5,273)	3,368	130	(1,883)	238	469	1,926	(19,008)	29	-
IAS 19	(143)	(28)	(96)	(1,210)	(71)	(144)	-	-	(15)	-	-	-	1,707	-
Capital charges	3,897	19	-	36,783	-	2,159	-	-	1,837	129	15,563	(18,167)	(42,220)	-
Directorate Outturn	101,788	3,472	12,316	96,770	2,416	20,782	14,465	-	934	5,768	18,746	(13,834)	23,868	287,491

	Adults and Communities	Assurance	Children's Education	Children's Family Service (inc DSG)	Commissioning Group	Streetscene	Public Health	HB Public Law	Commercial Infrastructure and Parking	Housing needs resources	Re	CSG	Central	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Directorate Income and Expenditure 2013/14														
Income														
Grants, Fees and Charges	28,562	221	29,829	219,583	257,524	21,127	-	939	-	19,519	20,195	14,427	4,203	616,129
	28,562	221	29,829	219,583	257,524	21,127	-	939	-	19,519	20,195	14,427	4,203	616,129
Expenditure														
Employment Costs	19,042	3,540	160,985	32,291	6,891	14,633	247	2	-	25	5,936	9,757	3,595	256,944
Other Service Costs	107,039	728	(121,779)	237,819	258,638	21,562	13,531	3,076	-	23,529	17,294	29,243	61,369	652,049
	126,081	4,268	39,206	270,110	265,529	36,195	13,778	3,078	-	23,554	23,230	39,000	64,964	908,993
Out turn reported to Management	97,519	4,047	9,377	50,527	8,005	15,068	13,778	2,139	-	4,035	3,035	24,573	60,761	292,864
Recharges	5,731	(9)	3,883	12,627	(6,284)	6,050	213	(2,139)	-	518	2,999	(23,607)	18	-
IAS 19	(3,342)	(726)	(10,366)	(7,798)	(1,276)	(2,884)	-	-	-	(3)	(1,279)	(1,637)	29,311	-
Capital charges	2,415	26	105	29,975	145	4,005	-	-	-	129	13,876	3,390	(54,066)	-
Directorate Outturn	102,323	3,338	2,999	85,331	590	22,239	13,991	-	-	4,679	18,631	2,719	36,024	292,864

Notes to the Accounts

Reconciliation to Subjective Analysis 2014/15

Reconciliation to Subjective Analysis 2014/15	Directorate Analysis	Services not in Analysis (HRA)	Amounts not reported to Cabinet	Amounts not included in CIES	Allocation of Recharges	Deficit on Continuing Operations	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Grants, Fees and Charges	613,935	69,234	-	-	-	683,169	-	683,169
Depreciation, Amortisation and Impairment	-	-	(19,013)	-	-	(19,013)	8,164	(10,849)
Interest and Investment Income	-	1,522	19,603	-	-	21,125	4,122	25,247
Income from Council Tax	-	-	-	-	-	-	325,462	325,462
Income	613,935	70,756	590	-	-	685,281	337,748	1,023,029
Employment Costs	94,464	157	-	-	-	94,621	88,315	182,936
Other Service Costs	806,962	51,027	(112,083)	-	-	745,906	1,596	747,502
Depreciation, Amortisation and Impairment	-	19,572	56,473	-	-	76,045	-	76,045
Gain/Loss on disposal of non current assets	-	-	-	-	-	-	4,255	4,255
Expenditure	901,426	70,756	(55,610)	-	-	916,572	94,166	1,010,738
Total comprehensive Income and Expenditure	(287,491)	-	56,200	-	-	(231,291)	243,582	12,291

Reconciliation to Subjective Analysis 2013/14

	Directorate Analysis	Services not in Analysis (HRA)	Amounts not reported to Cabinet	Amounts not included in CIES	Allocation of Recharges	Deficit on Continuing Operations	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Grants, Fees and Charges	616,129	67,621	-	-	-	683,750	-	683,750
Depreciation, Amortisation and Impairment	-	-	(36,991)	-	-	(36,991)	17,610	(19,381)
Interest and Investment Income	-	-	15,169	-	-	15,169	4,355	19,524
Income from Council Tax	-	-	-	-	-	-	325,690	325,690
Income	616,129	67,621	(21,822)	-	-	661,928	347,655	1,009,583
Employment Costs	256,944	500	-	-	-	257,444	10,053	267,497
Other Service Costs	652,049	46,977	(107,321)	-	-	591,705	20,839	612,544
Depreciation, Amortisation and Impairment	-	20,144	18,114	-	-	38,258	-	38,258
Gain/Loss on disposal of non current assets	-	-	-	-	-	-	33,151	33,151
Expenditure	908,993	67,621	(89,207)	-	-	887,407	64,043	951,450
Total comprehensive Income and Expenditure	(292,864)	-	67,385	-	-	(225,479)	283,612	58,133

Notes to the Accounts

Reconciliation of outturn reported to Council and the Total Comprehensive Income and Expenditure Statement

Reconciliation to CIES	2014/15	2013/14
	£'000	£'000
Outturn reported to Council	287,491	292,864
Settlement of HRA self-financing		
Revaluations and Pension costs charged to services	(56,200)	(67,385)
(Surplus)/Deficit on Continuing Operations	231,291	225,479
Loss on transfer of Schools to Academies	-	22,702
Other operating expenditure	4,255	10,448
Net Interest received or paid on investments and loans	(2,526)	16,485
Council Tax, Business Rates and Grant Income	(325,462)	(325,690)
(Surplus)/Deficit on the Provision of Services	(92,442)	(50,576)
(Surplus)/Deficit on revaluation of non-current assets	(8,164)	(17,610)
(Gains) or Losses on the pension fund	88,315	10,053
Total Comprehensive Income and Expenditure	(12,291)	(58,133)

30. Acquired and Discontinued Operations

The only operation acquired in 2014/15 was in respect of Public Health services to the community. This is operated as a Shared Service with the London Borough of Harrow with the London Borough of Harrow discharging Barnet's relevant functions through the Service in accordance with Section 101 of the 1972 Act and of the Local Government (arrangements for the discharge of functions) (England) Regulations 2000.

There are no discontinued operations.

31. Trading Operations

A number of operations that the council undertakes are technically classified as trading operations. This is where the client can choose who provides the service and is not obliged to use the council run trading undertaking. Most of the council's trading operations provide services on an internal basis only to other parts of the Council and the accounts of those undertakings are shown below.

Notes to the Accounts

2014/15	Income £000	Internal Expenditure recharges £000	Expenditure £000	Trading surplus/(deficit) £000
Catering	8,698	(2,052)	(8,565)	(1,919)
Transport	488	7,226	(7,824)	(110)
Other		(161)		(161)
Total	9,186	5,013	(16,389)	(2,190)

2013/14	Income £000	Internal Expenditure recharges £000	Expenditure £000	Trading surplus/(deficit) £000
Catering	7,287	(1,480)	(7,267)	(1,460)
Transport	515	7,624	(8,305)	(166)
Other	-	644	(644)	-
Total	7,802	(6,788)	(16,216)	(1,626)

32. Pooled Budgets

The Authority has five pooled budget arrangements with Barnet Clinical Commissioning Group (CCG).

The arrangements are for the provision of community equipment services; provision of learning disability services; to support people with Learning Disabilities who have been living in long stay NHS accommodation to be re-settled to live within the local community; and to develop a approach to commissioning preventative services to reduce duplication, maximise outcomes and improve health and social care outcomes for service users and for Speech and Language Therapy.

As part of the changes to the NHS brought about by the Health and Social Care Act 2012, Primary Care Trusts (PCTs) and Strategic Health Authorities (SHAs) ceased to exist on 31 March 2013. The responsibilities previously held by the NHS Barnet were transferred to Barnet Clinical Commissioning Group (Barnet CCG).

Section 75 agreement in respect of Community Equipment Services

	2014/15			2013/14		
	Total	Barnet	Barnet CCG	Total	Barnet	NHS Barnet
	£'000	£'000	£'000	£'000	£'000	£'000
Equipment, servicing and repairs	2,214	1,143	1,071	2,072	1,203	869
Contract management (including delivery, collection and storage)	563	344	219	711	443	268
	2,777	1,487	1,290	2,783	1,646	1,137

Notes to the Accounts

Section 75 agreement in respect of Learning Disabilities Services

	2014/15			2013/14		
	Total	Barnet	Barnet CCG	Total	Barnet	NHS Barnet
	£'000	£'000	£'000	£'000	£'000	£'000
Social Work Team (Staff & Non-staff budget)	2,786	1,164	1,622	2,171	872	1,299
Head of Service contribution	80	40	40	94	47	47
Transition Team (Staff & non-staff budget)	189	189		322	322	-
Accommodation & IT support	227		227	225		225
	3,282	1,393	1,889	2,812	1,241	1,571

Section 75 agreement in respect of Learning Disability Services for the campus re-provision programme.

	2014/15			2013/14		
	Total	Barnet	Barnet CCG	Total	Barnet	NHS Barnet
	£'000	£'000	£'000	£'000	£'000	£'000
Campus re-provision services	1,546	800	746	1,602	825	777
	1,546	800	746	1,602	825	777

Section 75 agreement in respect of Voluntary Services Commissioning within a Prevention Framework

	2014/15			2013/14		
	Total	Barnet	Barnet CCG	Total	Barnet	NHS Barnet
	£'000	£'000	£'000	£'000	£'000	£'000
Third Party Contract payments	2,504	1,772	732	2,436	1,704	732
	2,504	1,772	732	2,436	1,704	732

Section 75 agreement in respect of the provision of OT services in relation to Speech and Language Therapy

	2014/15			2013/14		
	Total	Barnet	Barnet CCG	Total	Barnet	NHS Barnet
	£'000	£'000	£'000	£'000	£'000	£'000
Third Party Contract payments	1,999	349	1,650	451	168	283
	1,999	349	1,650	451	168	283

Notes to the Accounts

33. Members' Allowances

	2014/15 £'000	2013/14 £'000
Member Allowances	1,143	1,108
Member Expenses	63	34
	1,206	1,142

34. Officers' Remuneration

The number of employees who received taxable remuneration in excess of £50,000, excluding employer's pension contributions for the year (including Teachers) was:

Remuneration band	2014/15 Total Number of Employees	2013/14 Total Number of Employees *
£50,000 - £54,999	95	137
£55,000 - £59,999	69	66
£60,000 - £64,999	46	83
£65,000 - £69,999	39	23
£70,000 - £74,999	21	32
£75,000 - £79,999	16	6
£80,000 - £84,999	18	6
£85,000 - £89,999	11	3
£90,000 - £94,999	10	13
£95,000 - £99,999	4	1
£100,000 - £104,999	3	3
£105,000 - £109,999	3	2
£110,000 - £114,999	4	3
£115,000 - £119,999	2	-
£120,000 - £124,999	1	2
£125,000 - £129,999	1	-
£130,000 - £134,999	1	1
£140,000 - £144,999	0	-
£150,000 >	4	3
Total	348	384

*Re-stated

Notes to the Accounts

Senior Officers 2014/5

Senior Officers are defined as all those whose salary is £0.150m or above, the following statutory posts; Head of Paid service, Director of Children's service, Director of Adults social service, Chief Education officer and the Section 151 officer, and any office that reports directly to the Head of Paid Service whose salary is more than £0.050m.

Post Title and Name	Note	Salary (including fees & allowances)	Expenses / Allowances	Pension Contributions	Total Remuneration
		£	£	£	£
Chief Executive - Mr Andrew Travers		187,613	-	48,545	236,158
Chief Operating Officer - Mr Chris Naylor	(i)	132,053	-	34,162	166,215
Deputy Chief Operating Officer and Chief Operating Officer - Mr John Hooton	(ii)	110,925	2,486	29,346	142,757
Strategic Director for Communities / Strategic Director for Commissioning Ms Kate Kennally	(iii)	156,703	-	40,548	197,251
Adults and Communities Director / Commissioning Director (Adults and Health) - Mrs Dawn Wakeling	(iv)	129,453	-	33,497	162,950
Strategic Director for Growth and Environment	(v)	134,870	-	34,898	169,768
Education and Skills Director - Mr Ian Harrison		113,846	-	29,458	143,304
Assurance Director	(vi)	80,397	-	13,422	93,819
Interim Assurance Director	(vii)	62,400	-		62,400
		1,108,260	2,486	263,876	1,374,622

- (i) Mr Chris Naylor was an employee at LB Barnet until 31st January 2015.
- (ii) Mr John Hooton was the Deputy Chief Operating Officer at LB Barnet to 18th March 2015, he was then appointed Chief Operating Officer until 31st March 2015.
- (iii) Ms Kate Kennally was the Strategic Director for Communities at LB Barnet to 4th January 2015, she was then appointed Strategic Director for Commissioning until 31st March 2015.
- (iv) Mrs Dawn Wakeling was the Adults and Communities Director at LB Barnet to 4th January 2015, she was then appointed Commissioning Director (Adults and Health) until 31st March 2015.
- (v) This employee left the employment of LB Barnet on 31st March 2015.
- (vi) This employee left the employment of LB Barnet on 9th January 2015.
- (vii) This figures represents the fee paid in respect of interim appointments until 31st March 2015.

The Council operates a Public Health service in conjunction with the London Borough of Harrow. The Public Health Director is directly employed by the London Borough of Harrow and as such does not appear specifically in these accounts.

Senior Officers 2013/14:

Notes to the Accounts

Post Title and Name	Note	Salary (including fees & allowances) £	Expenses / Allowances £	Pension Contributions £	Total Remuneration £
Chief Executive - Mr Andrew Travers	(i)	187,613	-	46,528	234,141
Chief Operating Officer - Mr Chris Naylor		158,586	122	39,299	198,007
Strategic Director for Growth and Environment	(ii)	134,870	-	33,448	168,318
Strategic Director for Communities - Ms Kate Kennally	(iii)	158,464	-	38,240	196,704
Adults and Communities Director		124,870	-	30,968	155,838
Education and Skills Director (from 04 September 2013)		65,461	-	16,234	81,695
Deputy Chief Operating Officer		108,846	-	27,230	136,076
Assurance Director		103,846	-	25,978	129,824
		1,042,556	122	257,925	1,300,603

- (i) Interim Chief Executive to 15th July. Permanent from 16th July
(ii) Post designation changed as at 01 January 2014 - previously Director for Place
(iii) Post designation changed as at 01 January 2014 - previously Director for People

The number of exit packages, all compulsory redundancies, with total cost per band, is set out in the table below.

		2014/15 Exit packages by band Number	2014/15 Exit packages by band £'000	2013/14 Exit packages by band Number	2013/14 Exit packages by band £'000
£nil	to	£20,000	80	14	120
£20,001		£40,000	7	3	75
£40,001		£60,000	1	3	133
£60,001		£80,000	-	1	74
£80,001		£100,000	-	1	95
		88	810	22	497

The exit packages relate predominately to the Children's family service and Schools

35. Audit Costs

The cost to the council of external audit and inspection fees are as follows:

	2014/15 £'000	2013/14 £'000
Fees payable to Grant Thornton UK LLP, the council's appointed external auditors for:		
-Audit and inspection fee	226	224
-Certification of grant claims and returns	27	32
- Pension Fund audit	21	21
	274	277

The Audit costs do not include any cost incurred as a result of the objections to the accounts

Notes to the Accounts

36. Dedicated Schools Grant (DSG)

The council's expenditure on schools is funded primarily by grant monies provided by the Department for Education: the Dedicated Schools Grant (DSG). The DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the School Finance (England) Regulations 2008.

The Schools Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school. The ISB is regarded for DSG purposes as spent by the Council once it is deployed to schools' budget shares..

	2014/15 £'000	2013/14 £'000
Final DSG for year	204,118	200,684
Brought forward from previous year	1,344	2,083
	205,462	202,767

Details of the deployment of DSG received are as follows:

	2014/15			2013/14		
	Agreed Budget Distribution £'000	Actual Central Expenditure £'000	C-Fwd to 2015/16 £'000	Agreed Budget Distribution £'000	Actual Central Expenditure £'000	C-Fwd to 2014/15 £'000
Schools	170,494	(168,505)	1,989	157,849	(158,999)	(1,150)
High Needs	38,184	(36,034)	2,150	34,830	(33,911)	919
Early Years	1,254	(1,710)	(456)	4,299	(2,882)	1,417
Central Expenditure	3,533	(3,705)	(172)	3,718	(3,559)	159
	213,465	(209,954)	3,511	200,696	(199,351)	1,345

37. Grant Income

The grants and contributions credited to the taxation and non-specific grant income line on the CIES are disclosed in Note 11 of the Core statements. The council credited the following grants, contributions to services in the comprehensive income and expenditure statement:

	2014/15 £'000	2013/14 £'000
Credited to services		
Education (excluding DSG)	22,327	17,084
DSG	204,367	200,684
Community Care and Other Social Services	700	736
Asylum Seekers	760	463
Other	5,666	7,532
	233,820	226,499

The council has received a number of grants and contributions that have conditions attached to them. As long as the council intends to use the capital grant in accordance with the

Notes to the Accounts

condition, the income is to be shown in the CIES and then moved to the Capital Grants Unapplied Account via the Movement in Reserves Statement.

Capital Grants Unapplied

	2014/15	2013/14
	£'000	£'000
S106	23,565	17,646
Grants and Contributions	51,967	47,142
Total	75,532	64,788

38. Related Parties

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

Central government has effective control over the general operations of the council. It is responsible for 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. housing benefits. Grant income is shown in note 37.

Members of the council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2014/15 is shown in note 33. By virtue of their office, through their residence in the borough and/or as active members of the community, members of the council participate in and are members of a variety of other public bodies and community groups. The council has well established mechanisms and procedures for preventing undue influence. Part of these mechanisms is the disclosure of interests in the register of members' interest. In addition, every year members are asked to complete a Declaration of any Related Party Transactions. In financial year 2014/15 several members declared that they had acted as Trustees for local Voluntary Organisations and as School Governors. The Council paid grants totalling £2.596m (£1.690m in 2013/14) to voluntary organisations in which eleven members (nine members in 2013/14) had positions on the governing body. The council paid £38.788m (£29.723m in 2013/14) to schools in which Twenty five members (seventeen members in 2013/14) had positions on the governing body.

The council has a number of significant transactions with other local authorities and local health authorities. The Council has pooled budget arrangements in place with the National Health Service details of which are in note 32. In addition the Council places pupils into neighbouring authorities' schools, the expenditure for which is included within the Children's and Education service line of the income and expenditure account. In 2014/15 investments in line with the council's investment policy were placed with other local authorities for £63.5m as at the financial year end.

Every year all chief officers are required to complete a related party transactions declaration. For the financial year 2014/15 two officers were also directors for companies where transactions of £78.3m took place (Barnet Group Ltd and Inglis Consortium).

Notes to the Accounts

The Pension Fund accounts are set out in Section 6 of these Statements. In 2014/15 the council's employer's contributions to the Fund was £19.387m (£19.314m in 2013/14). The council's member's contributions to the Fund were £4.710 (£5.109m in 2013/14). The Council charged the Fund £0.609m (£0.632m in 2013/14) for its administration.

The London Borough of Barnet (the reporting authority) has two subsidiary companies:

- The Barnet Group Ltd
- Barnet (Holdings) Ltd

The London Borough of Barnet owns 100% of the share capital of The Barnet Group Ltd. The Barnet Group Ltd owns 100% of the share capital of Your Choice (Barnet) Ltd. and is the sole member and guarantor of Barnet Homes Ltd, a company limited by guarantee. The London Borough of Barnet contracts with The Barnet Group Ltd for the provision of Adult Social Care Services and Housing Management Services. The Barnet Group Ltd then contracts on a back to back basis with Your Choice (Barnet) Ltd and Barnet Homes Ltd in respect of Adult Social Care Services and Housing Management Services respectively. As a result, The Barnet Group Ltd receives a management fee from The London Borough of Barnet on behalf of Barnet Homes Ltd and Your Choice (Barnet) Limited. It also invoices for ad hoc services on behalf of the two companies. The outstanding balances owed to and from The Barnet Group Ltd at 31 March 2015 were £10.196m and £1.883m respectively.

The Barnet Group Ltd had a board consisting of nine members, of which two are Members of the council.

The reported (profit)/losses for the subsidiaries mentioned above were:

	2014/15	2013/14
	£'000	£'000
Barnet Group Ltd	17	30
Barnet Homes Ltd	9,363	1,435
Your Choice (Barnet) Ltd	1,118	1,019

The London Borough of Barnet owns 100% of the share capital of Barnet (Holdings) Ltd. who own 49% of the share capital in the joint venture in Regional Enterprise Ltd. The joint venture is owned with Capita Ltd. The London Borough of Barnet contracts with Regional Enterprise Ltd for the provision of development and regulatory services in the Borough. The council's Chief Executive and Leader are company directors of Barnet Holdings Ltd and Regional Enterprise Ltd.

The London Borough of Barnet (the reporting authority) has a 13.9% share in the Inglis Consortium Ltd which is a joint venture with VSM Estates Ltd and Annington Property Ltd. The London Borough of Barnet is in receipt of income from the Inglis Consortium Ltd and the Mill Hill Depot is due to be transferred to the joint venture in 2015/16. The Chief Operating Officer and Director of Finance and Strategic Director of Growth and Environment both sit on the Board of the Inglis Consortium Ltd. The council's profit share for 2014/15 as recorded in the accounts was £3.479m (2013/14 £2.641m).

The London Borough of Barnet is required to prepare Group Accounts consolidating its subsidiaries where they have a material interest in the subsidiaries. However, the interest in the subsidiaries is not considered material as the size of the subsidiaries is relatively small

Notes to the Accounts

compared to that of the London Borough of Barnet. Therefore group accounts have not been produced.

39. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

Capital Investment	2014/15 £'000	2013/14 £'000
Adults and Communities	956	773
Children's Education	31,183	41,649
Children's Family Service	1,240	837
Commissioning Group	1,308	6,814
Street Scene	2,525	11,405
Housing Needs Resources	1	546
Re	15,272	14,016
CSG	-	241
Housing Revenue Account	25,572	26,965
	78,057	103,246

Sources of Finance

	Capital financed in 2014/15 £'000	Capital financed in 2013/14 £'000
Capital receipts	3,520	16,567
General fund revenue contributions	6,679	15,035
Reserves	2,268	-
HRA revenue contributions/MRA	24,555	26,704
Contributions including S 106 receipts	5,286	4,922
Borrowing	8,516	11,233
Grants	27,233	28,785
	78,057	103,246

The total capital expenditure of £78.057m is made up of £46.078m additions (less the £0.417m of Infrastructure that relates to PFI) and the £32.396m of Revenue Expenditure Funded from Capital under Statute shown in note 7.

The Capital Financing Requirement as at the 31st March 2015 was £387.783m (at 31st March 2014 it was £393.891m).

40. Leases

Operating Leases.

The Council does not own all of the property, vehicles and other equipment that it uses. These items are held under Operating Leases.

Notes to the Accounts

In the year 2014/15 the council paid £4.673m in respect of Operating leases and there are commitments in place of £34.254m for future years.

Properties are leased out and in 2014/15 this produced an income of £4.041m with £128.065m contracted for future years.

Operating Lease Payments

	Vehicles, plant and equipment leased in	Property leased in	Property leased out
	£'000	£'000	£'000
2014/15	321	4,352	(4,041)
2015/16	32	3,316	(3,897)
2016/17- 2019/20	9	8,182	(8,447)
2020/21 to completion	-	22,715	(115,721)
Total	362	38,565	(132,106)

41. Private Finance Initiatives (PFI) and Similar Contracts

In April 2006 the council entered into a PFI contract to provide street lighting. This consisted of a Core Investment Programme (CIP) for 5 years followed by a post CIP Operating period of 20 years. The 25 year contract will expire in 2031/32.

At year end street lights that have been erected are recognised on the Council's balance sheet as infrastructure assets. Each year the CIP assets and corresponding liabilities are to be acknowledged.

Below is the movement in the carrying value of the assets recognised under the PFI arrangement:

PFI Street Lights

	2013/14	In Year Movement	2014/15
	£'000	£'000	£'000
Gross book value	25,496	418	25,914
Accumulated depreciation	(5,482)	(1,382)	(6,864)
Net book value	20,014	(964)	19,050

Below is the movement in the lease liability for the PFI arrangement:

	2013/14	In Year Movement	2014/15
	£'000	£'000	£'000
Lease liability	17,410	(296)	17,114

Notes to the Accounts

Payments to be made under the PFI arrangement are as follows:

Years	Repayment of liability £'000	Interest £'000	Service charges £'000	Other charges £'000	Total £'000
2015/16	334	2,301	1,505	1,084	5,224
2016/17 - 2019/20	1,839	8,691	6,500	5,020	22,050
2020/21 - 2024/25	4,037	9,092	9,316	8,728	31,173
2025/26 - 2029/30	7,954	5,572	10,842	10,951	35,319
2030/31 - 2032/33	2,950	424	2,571	1,497	7,442
Total Commitments	17,114	26,080	30,734	27,280	101,208

If the assumptions around inflation were to vary by 2% it would result in a £1.5m increase/decrease in payments over the life of the arrangement.

42. Impairment Losses

The Code requires disclosure by class of assets of the amounts for impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure. These disclosures are consolidated in Note 12, reconciling the movement over the year in the Property, Plant and Equipment, Heritage Assets, Investment Properties and Intangible Asset balances.

The impairment reversals in 2014/15 were £73.603m and related to PPE asset class.

43. Termination Benefits

The Council terminated the contracts of a number of employees in 2014/15, incurring liabilities of £0.809m (£0.584m in 2013/14) of which £0.809m was payable to the employees and there is no affect on the pension strain.

44. Pension Schemes Accounted for as Defined Contribution Schemes

The Council contributes to the Department for Children, School's and Families Teacher's Pension Fund at a rate of 14.1% of pensionable pay. The amount paid in the year, £16.631m is included in the education service costs (2013/14 £17.135m).

Although this is a defined benefit scheme the nature of it is that the Council is unable to identify its share of the underlying assets and liabilities and so cannot report these. Contributions are set in relation to the current service period only.

The Council contributions to March 2015 for the Local Government Pension Scheme (LGPS) are 25.8% and expected contributions to March 2015 are 25.8%.

45. Defined Benefit Pension Schemes

Notes to the Accounts

The Council has its own defined benefit local government pension scheme. This means that although these benefits will not actually be payable until employees retire, the Council has an obligation to make relevant payments at the time future entitlements are earned. The Council's contributions to pensions earned by employees in the year of account are included in the net cost of services. The net pension interest cost counts against net operating expenditure. Pension interest cost is the amount that current service cost increases as members of the scheme approach retirement. The actuary calculates this using the projected unit method. These are all notional costs calculated to show the Council's true liability change for the year in line with pension regulations.

A revised IAS 19 standard applies for accounting periods beginning on or after 1 January 2013. The new standard applies to the figures for the year to 31 March 2015.

The actuary's calculation of the net deficit on the pension fund is shown below*. The change in the net value of the pension fund includes actuarial losses of £88.315m compared to £10.053m. These arise from the differences between actual events as they have turned out and assumptions that were made at the date of the earlier actuarial valuation, known as experience gains and losses as well as changes in actuarial assumptions.

Movement of Pension Fund

	2014/15		2013/14	
	£'000	£'000	£'000	£'000
Deficit at the beginning of the year		(373,665)		(377,856)
<i>Net Cost of Services</i>				
Service Cost	(19,629)		8,929	
Administration expenses	(609)		(632)	
Net interest expense	(15,980)		(15,083)	
Total Post employee Benefits charged to the Surplus or Deficit on the Provision of Services		(36,218)		(6,786)
Return on plan assets (excluding the amount included in the net interest expense)	36,705		(4,776)	
Other Actuarial gain on assets	-		22,196	
Change in financial assumptions	(129,145)		(5,446)	
Change in demographic assumptions	-		317	
Experience loss on defined benefit obligation	4,125		(22,344)	
Remeasurement of the net defined benefit liability*		(88,315)		(10,053)
		(498,198)		(394,695)
Amount charged for pensions in the year		21,944		21,030
Fund deficit at end of year		(476,254)		(373,665)

Pension Reserve

	2014/15		2013/14	
	£'000	£'000	£'000	£'000
Balance at the beginning of the year		(373,665)		(377,856)
Remeasurement of the net defined benefit liability	(88,315)		(10,053)	
Adjustments between accounting basis and funding basis under regulations	(14,274)		14,244	
Balance at the end of the year		(476,254)		(373,665)

Notes to the Accounts

The amount included in the balance sheet arising from the authority's obligation in respect of its defined benefit plan is as follows:

Pension asset and liabilities recognised in the balance sheet	2014/15		2013/14	
	£'000	£'000	£'000	£'000
Present Value of Funded Obligation	1,031,554		878,783	
Fair Value of Plan assets	(581,710)		(533,926)	
Net Liability		449,844		344,857
Present Value of Unfunded Obligation	26,410		28,808	
Net Liability in Balance Sheet		476,254		373,665

The movements in the Funded and unfunded obligation are explained in the Scheme Asset and Benefit Obligation Reconciliation table on the following page.

To ensure that the net figure in the accounts is the actual amount paid to the pension fund rather than a notional sum, the IAS 19 figure is reversed out of the general fund balance reconciliation statement and replaced with the actual figure.

Barnet as the administrating authority receives administration expenses that were £0.609m in 2014/15 (£0.632m in 2013/14).

The deficit is calculated by the assets minus the present value of funded obligation (liabilities). The increase in liabilities exceeded the increase in assets. The underlying assets and liabilities for retirement benefits attributable to the Council were:

Scheme assets and liabilities	2010/11	2011/12	2012/13	2013/14	2014/15
	£'000	£'000	£'000	£'000	£'000
Estimated liabilities of the scheme	(720,595)	(849,881)	(932,387)	(907,591)	(1,057,964)
Estimated assets of the scheme	484,111	507,479	554,532	533,926	581,710
Net Liability	(236,484)	(342,402)	(377,855)	(373,665)	(476,254)

Notes to the Accounts

Reconciliation in the movements of the fair value of scheme assets

	2014/15	2013/14
	£'000	£'000
Opening fair value of Scheme assets	533,926	554,532
Interest on assets	23,257	22,482
Return on assets less interest	36,705	(4,776)
Other actuarial gains/(losses)	-	22,196
Administration expenses	(609)	(632)
Contributions by employer including unfunded	21,944	21,030
Contributions by scheme participants	3,166	5,110
Estimated benefit paid plus unfunded net of transfers in	(38,546)	(38,125)
Settlement prices received/(paid)	1,867	(47,891)
Closing Fair Value of Scheme assets	581,710	533,926

A reconciliation of the fair value of the scheme assets is below:

The estimated asset allocation for London Borough of Barnet as at 31 March 2015 is as follows:

Scheme Asset and Benefit Obligation Reconciliation

	2014/15	2013/14
	£'000	£'000
Opening Defined Benefit Obligation	907,591	932,387
Current Service cost	18,985	21,707
Interest cost	39,237	37,565
Actuarial change in financial assumptions	129,145	5,446
Actuarial change in demographic assumptions	-	(317)
Experience loss/(gain) on defined benefit obligation	(4,125)	22,344
Liabilities assumed/(extinguished) on settlements	2,372	(79,382)
Estimated benefits paid net of transfers in	(36,829)	(36,556)
Past service costs, including curtailments	139	855
Contribution by Scheme participants	3,166	5,110
Unfunded pension payments	(1,717)	(1,568)
Closing Defined Benefit Obligation	1,057,964	907,591

Employer Asset Share - Bid Value

	31/03/2015		31/03/2014	
	£'000	%	£'000	%
Equities	388,101	67	363,070	68
Other Bonds	187,703	32	165,517	31
Cash	5,906	1	5,339	1
	581,710	100	533,926	100

Basis for estimating assets and liabilities

Notes to the Accounts

The liabilities have been assessed using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The actuaries have adopted a set of demographic assumptions that are consistent with those used for the formal funding valuation as at 31 March 2010. The post retirement mortality tables adopted were the S1PA heavy tables allowing for medium cohort projection, with a minimum 1% improvement and a 90% scaling factor.

	31/03/2015		31/03/2014	
		Years		Years
Assumed life expectancy from age 65 years:				
Retiring today	Males	22.1	Males	22.0
	Females	24.4	Females	24.3
Retiring in 20 years	Males	24.2	Males	24.1
	Females	26.8	Females	26.7

It is assumed that members will exchange half of their commutable pension for cash at retirement, and active members will retire one year later than they are first able to do so without reduction.

Financial Assumptions

	31/03/2015		31/03/2014	
	% pa	Real	% pa	Real
RPI increases	3.1	-	3.5	-
CPI increases	2.3	(0.8)	2.7	(0.8)
Salary increases	4.1	1.0	4.5	-
Pension increases	2.3	(0.8)	2.7	(0.8)
Discount rate	3.2	0.1	4.4	-

The figures are from the Barnett Waddingham IAS 19 Disclosures report, and these assumptions are set with reference to market conditions at 31 March 2015.

- The discount rate is the yield on the iboxx AA rated over 15 year corporate bond index as at this date which has been chosen to meet the requirements of IAS 19.
- The RPI increase assumption is set based on the difference between conventional gilt yields and index-linked gilts at the accounting date using data published by the Bank of England. This measure has historically overestimated future increases in the RPI and so we have made a deduction of 0.4% to get the RPI assumption of 3.1%. As future pension increases are expected to be based on CPI rather than RPI, we have made a further assumption about CPI which is that it will be 0.8% below RPI i.e. 2.3%.

The estimation of the defined obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on the reasonably possible changes of the assumptions occurring at the end of the reporting period.

Notes to the Accounts

Sensitivity Analysis

	2014/15		
	£'000	£'000	£'000
Adjustment to discount rate	0.1%	0.0%	-0.1%
Present Value of Total Obligation	1,040,386	1,057,964	1,075,856
Projected Service Cost	22,952	23,461	23,982
Adjustment to long term salary increase	0.1%	0.0%	-0.1%
Present Value of Total Obligation	1,059,640	1,057,964	1,056,298
Projected Service Cost	23,472	23,461	23,450
Adjustment to pension increases and deferred revaluation*	0.1%	0.0%	-0.1%
Present Value of Total Obligation	1,074,320	1,057,964	1,041,882
Projected Service Cost	23,975	23,461	22,958
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present Value of Total Obligation	1,020,107	1,057,964	1,096,183
Projected Service Cost	22,647	23,461	24,282

*This includes the effects on both the present value of the total obligation and on the projected service cost of a change of +/- 0.1% in our CPI assumption. This analysis assumes no other assumption changes and in particular, the salary increase assumption remains the same.

Expected return on assets

For accounting years beginning on or after the 1 January 2013, the expected return and the interest cost has been replaced with a single net Interest cost, which effectively sets the expected return equal to the discount rate.

Expected return on assets

Expected return on assets

31/03/2015

% pa

3.2

Expected return on assets

Expected return on assets

31/03/2014

% pa

4.4

Amounts for the Current and Previous Periods:

Notes to the Accounts

Scheme history	2010/11	2011/12	2012/13	2013/14	2014/15
	£'000	£'000	£'000	£'000	£'000
Defined Benefit Obligation	(720,595)	(849,881)	(932,387)	(907,591)	(1,057,964)
Scheme assets	484,111	507,479	554,532	533,926	581,710
Surplus (Deficit)	(236,484)	(342,402)	(377,855)	(373,665)	(476,254)
Experience adjustments on Scheme liabilities	64,522	(1,000)	(1,276)	(22,344)	(125,020)
Percentage of liabilities	9.0%	-0.1%	-0.1%	-2.46%	11.82%
Experience adjustments on Scheme assets	7,802	(7,167)	27,881	17,420	36,705
Percentage of assets	1.6%	1.4%	5.0%	3.3%	6.3%
Cumulative Actuarial Gains and (Losses)	5,263	(109,589)	(137,841)	(147,895)	(236,210)

Amounts recognised in the Income and Expenditure

	2014/15	2013/14
	£'000	£'000
Service Cost	19,629	(8,929)
Net interest on the defined liability/(asset)	15,980	15,083
Administration expenses	609	632
Total loss/(profit)	36,218	6,786

Projections for the year to 31 March 2016

	£'000
Service Cost	23,461
Net interest on the defined liability	14,931
Administration expense	663
Total	39,055
Employer Contributions	19,446

Contributions are set every 3 years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2016 and will set contributions for the period from 1 April 2017 to 31 March 2020. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The full actuarial valuation involved projecting future cashflows to be paid from the Fund and placing a value on them. These cashflows include pensions currently being paid to members of the Scheme as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

The employer currently participates in the London Borough of Barnet pool with 9 other employers in order to share experience of risks they are exposed to in the Fund. At the 2013 valuation, the deficit for the whole pool was calculated and allocated to each employer in proportion to their active payroll. The next re-allocation will be carried out at the 2016 valuation, should the employer remain in the pool. Each employer within the pool pays a contribution rate based on the cost of benefits of the combined membership of the pool. The employers' contribution anticipated for the year to 31 March 2016 is £19.446m.

46. Contingent Liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events that are not wholly within the Council's Control.

- The Council continues to be involved in litigation relating to search fees. An adverse finding would result in a call on Council resources which would need to be managed through consideration of earmarked reserves.
- The council is in dispute over the receipt of a capital payment from a developer, the outcome of which will not be known for a number of years.
- The outcome of an employment tribunal regarding whether holiday pay should include overtime is on-going. The result of which will determine whether the council has a historic liability. This is not a Barnet case but the outcome would set a precedent.

47. Contingent Assets

There are no contingent assets as at 31 March 2015.

48. Nature and Extent of Risks Arising from Financial Instruments

Financial Instruments - Risks

The Council has adopted CIPFA's Code of Practice on Treasury Management (and subsequent amendments) and complies with The Prudential Code for Capital Finance in Local.

As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the CLG's Investment Guidance for local authorities. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

The main risks covered are:

- **Credit Risk:** The possibility that one party to a financial instrument will fail to meet its contractual obligations, causing a loss for the other party.
- **Liquidity Risk:** The possibility that a party will be unable to raise funds to meet the commitments associated with Financial Instruments.
- **Market Risk:** The possibility that the value of an instrument will fluctuate because of changes in interest rates, market prices etc.

Credit Risk

Notes to the Accounts

The Council manages credit risk by ensuring that investments are placed with the Debt Management Office, other local authorities, AAA-rated money market funds and Banks and Building Societies of sufficiently high credit quality as set out in the Treasury Management Strategy. A limit of £25m is placed on the amount of money that can be invested with a single counterparty. The Council also sets a total group investment limit for institutions that are part of the same banking group. The Council's current Treasury Management Strategy allows deposits to be placed for a maximum period of 2 years in specified investments and £100m total in non-specified investments, with a £40m total limit for investment duration of more than 364 days.

It must also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations and investment decisions are based on a range of credit indicators. All investments have been made in line with the Council's Treasury Management Strategy Statement for 2014/15, approved by Council on 2 March 2014.

The table below summarises the nominal value of the Council's investment portfolio at 31 March 2015, and confirms that all investments were made in line with the Council's approved credit rating criteria at the time of placing the investment:

Counterparty	Credit Rating	Credit Rating	Balance Invested as at 31 March 2015					Total
	Criteria Met When Investment Placed	Criteria Met on 31 March 2015						
	Yes/No	Yes/No	Up to 1 month	>1 month and <3 months	>3 months and <6 months	>6 months and <12 months	>12 months and <24 months	
			£'000	£'000	£'000	£'000	£'000	£'000
Other Local Authorities	Yes	Yes	-	15,135	13,101	20,140	15,137	63,513
Banks – UK	Yes	Yes	22,689	2,520	-	-	-	25,209
Banks – Non UK	Yes	Yes	5,014	14,384	-	-	-	19,398
Total Banks			27,703	16,904	-	-	-	44,607
Building Societies – UK	N/A	N/A	-	25,029	-	-	-	25,029
Money Market Funds	Yes	N/A	73,900	-	-	-	-	73,900
Call Accounts	Yes	Yes	12,500	-	-	-	-	12,500
Total			114,103	57,068	13,101	20,140	15,137	219,549

The above analysis shows that all deposits outstanding as at 31 March 2015 met the Council's credit rating criteria on the 31 March 2015. The above analysis excludes the estimated carrying value after impairment of the Council's Icelandic Bank investment of £2.941m.

Trade Receivables

The following analysis summarises the Council's potential maximum exposure credit risk, based on the experience gathered over the last five financial years on the level of default on trade debtors, adjusted for current market conditions. As per the Code of Practice requirements, the disclosure below includes details only of debtors that have arisen as a result of trading activities. Balances and transactions arising from statutory functions (i.e.

Notes to the Accounts

council tax and NNDR payments) are excluded from this disclosure note, as they have not arisen from contractual trading activities.

Trade Receivables	Gross Debtors	Average % Default based on Previous Experience	Average % Default based on Previous Experience	Bad Debt Provision
	£'000			£'000
2014/15 Sundry Debtors	87,437	5%	5%	32,655
2013/14 Sundry Debtors	81,418	5%	5%	36,806

Liquidity Risk

The Council has access to borrowing facilities via the Public Works Loan Board, commercial banks, bond issues, medium term notes, tax increment financing, the European Investment Bank, and other local authorities. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage the risk that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates.

The Council would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

The maturity analysis of the nominal value of the Council's debt at 31 March 2015 was as follows:

Maturity analysis		31 March 2015	% of total debt portfolio	31 March 2014	% of total debt portfolio
Years	£'000	£'000		£'000	
Short Term Borrowing	Less than 1 year	-	-	2,000	0.66
Long Term Borrowing	Over 1 but not over 2	-	-	-	-
	Over 2 but not over 5	-	-	-	-
	Over 5 but not over 10	2,000	0.66	2,000	0.66
	Over 10 but not over 15	20,516	6.75	20,516	6.74
	Over 15 but not over 20	70,516	23.19	70,516	23.19
	Over 20 but not over 25	42,516	13.98	42,516	13.98
	Over 25 but not over 30	86,032	28.29	65,516	21.55
	Over 30 but not over 35	-	-	20,516	6.75
	Over 35 but not over 40	29,500	9.70	-	-
	Over 40 but not over 45	-	-	27,500	9.04
	Over 45	53,000	17.43	53,000	17.43
Total Long Term Borrowing					
Total Borrowing		304,080	100.00	304,080	100.00

Notes to the Accounts

Loans and other long term liabilities outstanding (nominal value):	31 March 2015	31 March 2014
	£'000	£'000
Public Works Loans Board	241,580	241,580
Market Debt	62,500	62,500
Temporary Borrowing	-	-
Deferred Liabilities – PFI and finance leases	17,114	17,410
Other	-	-
Total	321,194	321,490

Market Risk

- Interest Rate Risk: The Council is exposed to risks arising from movements in March 2015, The Treasury Management Strategy aims to mitigate these risks by setting an upper limit of 30% on external debt that can be subject to variable interest rates. At 31 March 2015, 100% of the debt portfolio was held in fixed rate instruments.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	739
Increase in government grant receivable for financing costs	-
Impact on Surplus or Deficit on the Provision of Services	-
Share of overall impact debited/credited to HRA	96
Decrease in fair value of fixed rate investment assets	(1,456)
Impact on Other Comprehensive Income and Expenditure	
Decrease in fair value of fixed rate borrowings/liabilities*	(31,941)

*No impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the 'Fair Value' disclosure note. (Note 16)

Investments are also subject to movements in interest rates. As investments are made at fixed rates, but for shorter periods of time, there is greater exposure to interest rate movements. This risk has to be balanced against actions taken to mitigate credit risk.

- Price Risk:* The Council does not invest in equity shares and therefore is not subject to any price risk (i.e. the risk that the Council will suffer loss as a result of adverse movements in the price of financial instruments).
- Foreign Exchange Risk:* The Council currently has approximately £2.9M in Icelandic Krona (ISK) remaining in escrow in Iceland. The Council is currently working with the LGA, Bevan Brittan and other affected authorities to research ways of converting the ISK element of the impaired Icelandic deposit into foreign exchange.

Notes to the Accounts

Unusable Reserves

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account (FIAA) was established on 1 April 2007 when Financial Reporting Standards 25, 26 and 29 relating to Financial Instruments were adopted into the SORP (2007 SORP). The balance in the FIAA account at the end of the financial year represents the amount that should have been charged to the Comprehensive Income and Expenditure Statement in accordance with proper accounting practices under the Code of Practice, but which Statutory Provisions allow or require to be deferred over future years.

In the case of the Housing Revenue Account premiums and discounts are applied over a maximum 10 year period in all circumstances in accordance with Statutory Requirements. The transactions reflected in the FIAA for 2014/15 are as follows:

	2014/15	2013/14
	£'000	£'000
Financial Instrument Adjustment Account		
Balance at 1 April	536	753
Effective Interest Rate Adjustment	10	9
HRA Adjustment	-	(226)
Balance at 31 March	546	536

Housing Revenue Account

HRA Income and Expenditure Statement

	2014/15		2013/14*
	£'000	£'000	£'000
Income			
Dwelling rents	53,356		53,306
Non-dwelling rents	1,595		1,638
Charges for service and facilities	7,744		7,218
Total Income		62,695	62,162
Expenditure			
Repairs and maintenance	7,706		7,858
Supervision and management	20,716		20,328
Rents, rates and other charges	83		75
Depreciation and impairment of fixed assets	(44,505)		(6,951)
Debt management costs	5		5
Increase in bad debt provision	763		481
Revenue expenditure funded from capital under statute	-		-
Total Expenditure		(15,232)	21,796
Net cost of HRA services included in the Comprehensive Income and Expenditure Account		77,927	40,366
Gain/(loss) on sale of HRA non-current assets		2,394	(407)
Interest payable and similar charges		(6,691)	(6,689)
Interest and investment income		149	127
Surplus/(deficit) for the year on HRA services		73,779	33,397

Movement on the HRA Statement

	2014/15	2013/14
	£'000	£'000
Surplus/(deficit) for the year on the HRA Income and Expenditure Statement	73,779	33,397
EIR interest costs on stepped loans	5	5
Amortisation of premium on early repayment of loans	-	(226)
Difference between and other item of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements	-	-
Gain/(loss) on HRA fixed assets	(2,394)	
Transfer to Major Repairs Reserve	(8,573)	(7,955)
Transfer to Capital Adjustment Account	(62,706)	(26,462)
Balance on HRA at end of current year	111	(1,241)
Balance on the HRA at end of previous year	14,831	16,072
Surplus/(Deficit) for the year	111	(1,241)
Housing Revenue Account balance carried forward	14,942	14,831

*Re-stated

Housing Revenue Account

Notes to the Housing Revenue Account

1, Number of Dwellings	2014/15 units	2013/14 units
Houses	3,433	3,485
Bungalows	179	179
Flats	5,292	5,384
Maisonettes	1,272	1,311
Hostels	61	72
Bedsits	26	28
	10,263	10,459

2. Value of HRA Assets	2014/15 £'000	2013/14 £'000
Valuation for Social Housing use		
Dwellings	640,094	584,789
Other land and buildings	49,738	49,026
	689,832	633,815
Vacant Possession Valuation	2,525,000	2,310,000

The difference between vacant possession value and the balance sheet value represents the economic cost of providing council housing.

3. Major Repairs Reserve	2014/15 £'000	2013/14 £'000
Balance as at 1 April	(10,922)	(6,637)
Capital expenditure charged to reserve	21,149	23,082
Depreciation - dwellings	(19,008)	(18,957)
- non dwellings	(528)	(447)
Transfer to HRA - dwellings	5,892	6,090
- non-dwellings	-	-
Interest on balances	(49)	(7)
Voluntary Contribution	(14,465)	(14,046)
Balance as at 31 March	(17,931)	(10,922)

The major repairs allowance (MRA) represents the capital cost of keeping the council's dwelling stock in its current condition. Authorities have the flexibility to spend MRA resources outside of the financial year in which they are allocated, enabling the more efficient planning of works or repayment of debt. The Major Repairs Reserve (MRR) represents balances carried forward. Under the item 8 determination, local authorities have a five year transitional period to use the MRA, after which traditional depreciation methods are required.

Housing Revenue Account

4. Capital Expenditure and Financing

	2014/15 £'000	2013/14 £'000
Capital Expenditure		
Dwellings	25,572	27,135
other Property	-	-
	25,572	27,135
Financed by		
Capital Receipts Reserve	1,017	360
Borrowing	-	71
Major Repairs reserve	21,149	23,082
Other contributions	3,406	3,622
	25,572	27,135

5. Capital Receipts from disposals

	2014/15 £'000	2013/14 £'000
Other	2,164	330
Dwellings	16,821	12,601
Paid over to "pool"	(1,583)	(1,533)
	17,402	11,398

The authority has to pay a portion of the receipts from the sale of council houses into a government housing pool on the basis that the original cost of the housing would have been partly paid by government grant. New guidance in 2012/13 has enabled local authorities to retain further amounts of right to buy receipts upon agreement with Department of Communities and Local Government (DCLG). These funds must be spent on the provision of new build dwellings.

6. Depreciation

	2014/15 £'000	2013/14 £'000
Dwellings	19,008	18,957
Other property	528	447
	19,536	19,404

The impairment charge relates to a downward valuation of shops, lease valuation and buybacks.

7. Impairments

	2014/15 £'000	2013/14* £'000
Dwellings	(62,705)	(26,869)
Other property	36	514
Investment Properties	(1,373)	
	(64,042)	(26,355)

*Re-stated to include impairment reversals previously not separately identified

Housing Revenue Account

8.	Debt Premium amortised in year	2014/15 £'000	2013/14 £'000
		-	226

9	Arrears	2014/15 £'000	2013/14 £'000
	Leaseholder service charges *	5,995	4,236
	less bad debt provision	(1,019)	(740)
		4,976	3,496
	Housing rents	3,722	2,596
	less bad debt provision	(1,404)	(1,026)
		2,318	1,570
	Commercial rents	903	260
	less bad debt provision	(140)	(36)
		763	224
		8,057	5,290

10. **Barnet Homes Limited**

The management of the council's housing stock is undertaken by Barnet Homes Limited, a subsidiary of Barnet Group Limited that is wholly owned by the authority.

11. **Accounting for pensions in the HRA**

As day to day housing management is carried out by Barnet Homes Limited, the HRA employs very few staff directly. Because of this, the cost of obtaining a separate HRA actuarial report, to split the notional cost of HRA staff from those employed by the general fund, cannot be justified. Therefore although the HRA has been reported on an IAS19 basis, no attempt has been made to show a separate liability related to the defined benefit position.

Collection Fund

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

	Note	2014/15			2013/14		
		NNDR	Council Tax	Total	NNDR	Council Tax	Total
		£'000	£'000	£'000	£'000	£'000	£'000
Income							
Council Tax	1	-	180,931	180,931	-	180,244	180,244
Council Tax Benefits		-	-	-	-	-	-
Business Rates Receivable	2	108,596	-	108,596	111,712	-	111,712
BRS Income		2,836	-	2,836	2,890	-	2,890
		111,432	180,931	292,363	114,602	180,244	294,846
Disbursement							
Apportionment of Previous Years Surplus							
- Central Government	3						
- London Borough of Barnet		8,162	(11,831)	(3,669)	-	(10,674)	(10,674)
- Greater London Authority		-	(3,220)	(3,220)	-	(2,941)	(2,941)
		8,162	(15,051)	(6,889)	-	(13,615)	(13,615)
Precepts, Demands and Shares							
- Central Government		55,493	-	55,493	56,013	-	56,013
- London Borough of Barnet		33,296	141,575	174,871	33,608	139,477	173,085
- Greater London Authority		22,197	38,410	60,607	22,405	37,964	60,369
- Crossrail		2,825	-	2,825	2,877	-	2,877
		113,811	179,985	293,796	114,903	177,441	292,344
Charges to Collection Fund							
- Cost of collection allowance		418	-	418	419	-	419
- Cost of collection allowance BRS		11	-	11	13	-	13
- Change in bad debt provision		(591)	(722)	(1,313)	2,725	1,367	4,092
- Change in provision for appeals		4,100	-	4,100	4,700	-	4,700
- Write off of uncollectable amounts	4	1,264	-	1,264	4	-	4
Total disbursed		5,202	(722)	4,480	7,861	1,367	9,228
Surplus/(deficit) for year		(7,581)	1,668	(5,913)	(8,162)	1,436	(6,726)
Collection Fund Balances							
London Borough of Barnet		(4,723)	11,642	6,919	(2,449)	11,831	9,382
Greater London Authority		-	3,576	3,576	-	3,220	3,220
		(4,723)	15,218	10,495	(2,449)	15,051	12,602

1. Council tax

The Government provides the authority with a valuation of each residential property as at 1 April 1991. Each valuation is allocated into one of eight bands on which individual council tax charges are calculated. The tax base is the total number of chargeable properties in all valuation bands converted to an equivalent number of band D dwellings, with an allowance made for discounts and exemptions.

Collection Fund

The standard charge is found by taking the amount of income required by the collection fund's two preceptors combined and dividing this by the council tax base. The amount of council tax required from a property in any tax band is the band D charge of £1,401.07 (2013/14 £1,416.20) multiplied by the ratio specified for that band. The figures at the time of tax base calculation for the bands A to H were:

Band	Ratio	Number of Band 'D' equivalents
A	0.67	1,169
B	0.78	3,928
C	0.89	15,776
D	1.00	23,704
E	1.22	29,337
F	1.44	23,675
G	1.67	23,374
H	2.00	7,419
MOD Contribution		81

Tax Base

128,463

2. Non-Domestic rateable value

The total non-domestic rateable value for Barnet at the year-end was £275,928,486 (2013/14 £282,693,795) and the national non-domestic rate multiplier for the year was 48.2p (2013/14 47.1p).

3. Collection fund surplus or deficit

The billing authority and preceptors share any council tax and NNDR surpluses or deficits in proportion to the precept requirement.

4. Council tax written off

Where persons have absconded owing council tax and, over several years, the money has proved irrecoverable, the arrears are prudently written out of the accounts to give a true picture of income it is reasonable to expect to receive. The arrears are still pursued.

Group Accounts

Group Movement in reserves Statement

Consolidated Movement in Reserves Statement 2014/15

	General Fund Balance	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Useable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2014	32,586	91,624	14,831	24,326	10,921	64,788	239,076	626,483
Surplus / (Deficit) on provision of services	17,948	-	73,779	-	-	-	91,727	92,106
Other comprehensive expenditure and income	-	-	-	-	-	-	-	(89,025)
Total comprehensive income and expenditure	17,948	-	73,779	-	-	-	91,727	3,083
Adjustments between accounting basis and funding basis under regulations	3,480	3,479	(73,668)	17,797	7,009	11,494	(30,409)	-
Net increase / decrease before transfers to earmarked reserves	21,428	3,479	111	17,797	7,009	11,494	61,318	3,083
Transfer to / from earmarked reserves	(23,781)	21,052	-	3,479	-	(750)	-	-
Increase / decrease in year	(2,353)	24,531	111	21,276	7,009	10,744	61,318	3,083
Balance at 31 March 2015	30,233	116,155	14,942	45,602	17,930	75,532	300,394	629,566

Consolidated Movement in Reserves Statement 2013/14

	General Fund Balance	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Useable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 31 March 2013	32,908	75,513	16,072	21,227	6,637	58,728	211,085	565,955
Surplus / (Deficit) on provision of services	14,622	-	33,397	-	-	-	48,019	48,019
Other comprehensive expenditure and income	-	-	-	-	-	-	-	12,510
Total comprehensive income and expenditure	14,622	-	33,397	-	-	-	48,019	60,528
Adjustments between accounting basis and funding basis under regulations	1,167	-	(34,638)	3,099	4,284	6,060	(20,028)	-
Net increase / decrease before transfers to earmarked reserves	15,789	-	(1,241)	3,099	4,284	6,060	27,991	60,528
Transfer to / from earmarked reserves	(16,111)	16,111	-	-	-	-	-	-
Increase / decrease in year	(322)	16,111	(1,241)	3,099	4,284	6,060	27,991	60,528
Balance at 31 March 2014	32,586	91,624	14,831	24,326	10,921	64,788	239,076	626,483

Statement of Accounts 2014/15

Group Accounts

Group Comprehensive Income and Expenditure Statement	2014/15			2013/14		
	Consolidated Gross expenditure	Consolidated Gross income	Net expenditure	Consolidated Gross expenditure	Consolidated Gross income	Net expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Central services to the public	2,805	(2,616)	189	3,762	(3,872)	(110)
Cultural & Related Services	18,497	(3,610)	14,887	18,266	(3,295)	14,971
Environmental & Regulatory Services	39,555	(9,220)	30,335	36,812	(7,801)	29,011
Planning Services	11,996	(22,006)	(10,010)	7,772	(19,914)	(12,142)
Public Health	14,370	-	14,370	13,160	-	13,160
Children's and education services	336,608	(233,402)	103,206	302,624	(232,389)	70,235
Highways and transport services	46,310	(18,693)	27,617	55,797	(17,591)	38,206
Housing services	278,776	(343,208)	(64,432)	310,832	(344,649)	(33,817)
Adult social services	130,221	(28,972)	101,249	126,843	(26,555)	100,288
Corporate and democratic core costs	13,883	(1,376)	12,507	9,193	(2,857)	6,336
Non distributed costs	832	(420)	412	964	(384)	580
Surplus on Continuing Operations	893,853	(663,523)	230,330	886,025	(659,307)	226,718
Other Operating Expenditure	5,061	(806)	4,255	33,150	-	33,150
Financing and Investment Income & Expenditure	25,138	(26,018)	(880)	23,515	(5,731)	17,784
Taxation and Non-Specific Grant Income	31	(325,462)	(325,431)	19	(325,690)	(325,671)
Surplus on Provision of Services			(92,106)			(48,019)
(Surplus) / Deficit on revaluation of non-current assets			(8,164)			(17,610)
Remeasurement of the net defined benefit liability			97,189			5,100
Other Comprehensive Income and Expenditure			89,025			(12,510)
Total Comprehensive Income and Expenditure			(3,081)			(60,529)

This shows the consolidated income and expenditure for the council and its subsidiary company Barnet Homes on its day-to-day activities.

Statement of Accounts 2014/15

Group Accounts

Group Balance Sheet

	31 March 2015		31 March 2014	
	£'000	£'000	£'000	£'000
Property, Plant and Equipment	1,119,787		1,092,412	
Heritage Assets	1,080		1,100	
Investment Properties	101,264		68,304	
Intangible assets	9,020		3,176	
Long term debtors	825		913	
Long term investments	24,000		19,888	
Total long term assets		1,255,976		1,185,793
Inventories	612		663	
Short term investments	33,241		25,034	
Short term debtors	99,618		112,630	
Assets held for sale	350		398	
Cash and cash equivalents	215,469		163,902	
Total Current Assets		349,290		302,627
Short term Creditors	(105,707)		(102,952)	
Short term Borrowing	(2,777)		-	
Cash and cash equivalents	(16,880)		(22,423)	
Provisions	(7,691)		(4,765)	
Total Current Liabilities		(133,055)		(130,140)
Long term borrowing	(304,735)		(306,116)	
Provisions	(5,875)		(5,944)	
Pensions Scheme	(515,255)		(402,622)	
Long term lease	(16,780)		(17,115)	
Total Long Term Liabilities		(842,645)		(731,797)
Net Assets		629,566		626,483
Usable reserves	300,394		239,076	
Unusable reserves	329,172		387,407	
Total Equity		629,566		626,483

Statement of Accounts 2014/15

Group Accounts

Group Cashflow Statement

This consolidated statement summarises the movement within the group both for capital and revenue purposes.

	2014/15		2013/14	
	£'000	£'000	£'000	£'000
Net surplus on the provision of services	92,106		48,019	
Adjustment to surplus or deficit on the provision of services for noncash movements	29,244		33,095	
Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(73,776)		(63,722)	
Net Cash flows from operating activities		47,574		17,392
Net Cash flows from Investing Activities		6,961		1,030
Net Cash flows from Financing Activities		2,575		(1,168)
Net increase or decrease in cash and cash equivalents		57,110		17,254
Cash and cash equivalents at the beginning of the reporting period		141,479		124,225
Cash and cash equivalents at the end of the reporting period		198,589		141,479

Notes to group accounts

1. Introduction

For a variety of legal, regulatory and other reasons, Local authorities often choose (or are required) to conduct their activities not through a single legal entity but through two or more legal entities which fall under its ultimate control. For this reason the financial statements of the local authority do not necessarily, in themselves, present a full picture of its economic activities or financial position. Because of this, The Code of Practice requires a local authority to prepare group accounts if it has a control over one or more other legal entities. The aim of the group accounts is to give an overall picture of the extended services and economic activity that is under the control of the local authority.

The London Borough of Barnet (the reporting authority) has two subsidiary companies:

- The Barnet Group Ltd. The London Borough of Barnet owns 100% of the share capital of The Barnet Group Ltd. The Barnet Group Ltd owns 100% of the share capital of Your Choice (Barnet) Ltd. The Barnet Group Ltd is the sole member and guarantor of Barnet Homes Ltd, a company limited by guarantee. The Barnet Group Ltd had a board consisting of nine members, of which two are Members of the council.
- Barnet Holdings Ltd. The London Borough of Barnet owns 100% of the share capital of Barnet (Holdings) Ltd. who own 49% of the share capital in the joint venture in Regional Enterprise Ltd. The joint venture is owned with Capita Ltd. The council's Chief Executive and Leader are company directors of Barnet Holdings Ltd and Regional Enterprise Ltd.

2. Basis of consolidation

The group income and expenditure account, group balance sheet, group movement in reserves statement and group cash flow statement have been prepared by consolidating the accounts of the reporting authority (London Borough of Barnet) and its subsidiaries (the Barnet Group Ltd and Barnet Holdings) on a line by line basis. The accounts of Barnet Group Ltd and Barnet Holdings have been prepared using similar accounting policies and practices to that of the reporting authority. However some accounting policies and practices of both subsidiaries do differ in some respects from the authority's due to legislative requirements. Any material differences are highlighted within the accounts themselves.

3. The Barnet Group Ltd, a Local Authority Trading Company

i) Nature of the business

The London Borough of Barnet contracts with The Barnet Group Ltd for the provision of Adult Social Care Services and Housing Management Services. The Barnet Group Ltd then contracts on a back to back basis with Your Choice (Barnet) Ltd and Barnet Homes Ltd in respect of Adult Social Care Services and Housing Management Services respectively. As a result, The Barnet Group Ltd receives the management fee from The London Borough of Barnet on behalf of Barnet Homes Ltd and Your Choice (Barnet) Limited. It also invoices for ad hoc services on behalf of the two companies.

ii) Relationship with the authority

Group Accounts

Under the Code of Practise, The Barnet Group Ltd is deemed a wholly owned subsidiary of Barnet Council. As such, the council is required to consolidate the financial statements of the Barnet Group Ltd with its own (single entity) accounts in order to form group accounts.

iii) Financial performance

In 2014/15 the company made an operating surplus of £0.051million (£1.240m loss in 2013/14).

iv) Transactions with the company

The authority paid and received from the company £54.541m and £2.279m in 2014/15 for the provision of housing management services and repair and maintenance works to housing stock (£51.165m and £3.927m in 2013/14) respectively. The outstanding balances owed to and from The Barnet Group Ltd at 31 March 2015 were £10.196m and £1.883m (£8.803m and £0.737m in 2013/14) respectively.

4. Barnet Holdings Ltd

i) Nature of the business

The London Borough of Barnet contracts with Regional Enterprise Ltd for the provision of development and regulatory services in the Borough.

ii) Relationship with the authority

Under the Code of Practise, Barnet Ltd is deemed a wholly owned subsidiary of Barnet Council. As such, the council is required to consolidate the financial statements of Barnet Holdings Ltd with its own (single entity) accounts in order to form group accounts. Barnet Holdings Ltd single entity accounts have been prepared under the equity method as the arrangement in place between Barnet Holdings Ltd and Capita Ltd in regards to Re have been deemed to be a joint venture.

iii) Financial performance

In 2014/15 the company made an operating surplus of £0.910million.

iv) Transactions with the company

In 2014/15 the authority paid £49 and received £0.910million in investment returns from the company.

5. Group cash flow statement

The group cash flow statement, prepared in accordance with the Code of Practise, forms part of the group statements. The group cash flow statement shows the movement of cash in and out of the group. However, cash flows relating internally to the group are eliminated as are any intra-group gains and losses. Only cash receipts and payments that flow to and from the group as a whole are included.

Group Accounts

6. Pension Reserve

The London Borough of Barnet is required to prepare Group Accounts consolidating its subsidiaries where they have a material interest in the subsidiaries. The interest in the subsidiaries is only considered material due to the respective pension scheme/reserve of the subsidiaries. As such, the relative single entity pension funds and the consolidated group pension fund are highlighted below;

	2014/15 £'000	2013/14 £'000
Single entity accounts		
London Borough of Barnet	476,254	373,665
The Barnet Group Ltd	39,001	28,957
Barnet Holdings Ltd	-	-
Total	515,255	402,622
Group accounts		
Group	515,255	402,622

Glossary

For the purpose of compiling the statement of accounts, the following definitions have been adopted:

Accounting policies

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

- (i) recognising
- (ii) selecting measurement bases for, and
- (iii) presenting assets, liabilities, gains, losses and changes to reserves.

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

Accounting standards

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

Accrual

The recognition of income and expenditure as it is earned or incurred, as opposed to when cash is received or paid.

Actuarial gains and losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- (a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or
- (b) the actuarial assumptions have changed.

Assets

These can either be:

- Long term (non-current), tangible assets that give benefits to the authority for more than one year.
- Property, Plant and Equipment, assets which are held for use in the production or supply of goods and services, for rental to other, or for administrative purposes. These include items that were previously categorised in the following categories under UK GAAP:
 - Community assets, assets that the local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples include parks and historic buildings.
 - Council dwellings, these are owned by the council providing services to the communities. Such examples include leisure centres, libraries and museums.
 - Vehicles, these assets are used by the council for the direct delivery of services, such examples include dust carts.
 - Equipment, held by the local Authority in the delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objective of the authority.
 - Infrastructure assets, fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of such fixed assets are highways and footpaths that cannot be transferred to another owner.
- Investment property is property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both, rather than for:
 - a) use in the production or supply of goods or services or for administrative purposes, or
 - b) sale in the ordinary course of operations.

If earning rentals were an outcome of a regeneration policy, for example, the properties concerned would be accounted for as property, plant and equipment rather than investment property. Social housing is delivering a service and shall be accounted for as property, plant and equipment.

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- Non-operational assets, non-current assets held by an authority but not used or consumed in the delivery of services or for the service or strategic objectives of the authority. Examples of non-operational assets include investment properties and assets that are surplus to requirements, pending their sale. It should be noted that the incidence of rental income does not necessarily mean that the asset is an investment property; it would be deemed an investment property only if the asset is held solely for investment purposes and does not support the service or strategic objectives of the authority and the rental income is negotiated at arm's length.
- Intangible assets, these are usually stand-alone intellectual property rights such as software licences that, although they have no physical substance are right to show on the balance sheet where they have been capitalised as being of benefit for more than the year of account. Where software is integral to the running of hardware it is properly included in the value of the hardware.

Associate company

An organisation is an associate of a parent local authority where the authority holds a long term, participatory interest and is in a position to exercise a significant but not dominant influence over that organisation.

Balance Sheet

A statement of the recorded assets, liabilities and other balances at the end of an accounting period.

Benefits

Benefits can be received in the form of future economic benefits or in the form of service potential. Assets that are used to deliver goods and services in accordance with the reporting authority's objectives but which do not directly generate net cash inflows can be described as embodying 'service potential'. Assets that are used to generate net cash inflows can be described as embodying 'future economic benefits'.

Billing authority

A local authority empowered to set and collect council tax, and manage the collection fund, on behalf of itself and local authorities in its area.

Business Rate Supplement (BRS)

The Business Rate Supplements Act 2009 enables levying authorities – county councils, unitary district councils and, in London, the Greater London Authority - to levy a supplement on the business rate to support additional projects aimed at economic development of the area.

Capital expenditure

Expenditure on the acquisition of a non-current asset or expenditure which adds to, and not merely maintains, the value of an existing non-current asset. It is not necessary for the asset to be owned by the authority e.g. renovation grants.

Collection fund

The fund, administered by a billing authority, into which council taxes are paid, and from which payments were made to the general fund of billing and major precepting authorities. NNDR collected by a billing authority is also paid into the fund before being distributed to central government and local authorities.

Community assets

Assets that a local authority intends to hold in perpetuity, that have no determinable useful life, and may have restrictions on their disposal. Examples of community assets are parks and allotments.

Corporate and democratic core

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above

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those which would be incurred by a series of independent, single-purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Deferred capital receipts

These represent amounts derived from the sale of assets, which will be received in instalments over agreed periods of time, such as payments from mortgages on the sale of council houses.

Defined benefit scheme

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

Defined contribution scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employees benefits relating to employee service in the current year and prior periods.

Depreciation

The measure of the cost or revalued amount of the benefits of the non-current asset that have been consumed during the period. Consumption includes wearing out, using up or other reduction in the useful life of a non-current asset whether arising from use, passage of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Events after the balance sheet date (post balance sheet events)

Events after the balance sheet date are those events, favourable or unfavourable, that occur between the balance sheet date and the date when the statement of accounts is authorised for issue.

Inventories

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

General fund

The revenue fund of the authority, it shows income from and expenditure on the council's day to day activities.

Government grants

The amounts of money the authority receives from the Government and inter-government agencies to help fund both general and specific activities.

Heritage assets

A heritage asset is an asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. Heritage assets are those assets that are intended to be preserved in trust for future generations. Examples of Heritage assets are historical buildings, archaeological sites, civic regalia, orders and decorations (medals), museum and gallery collections and works of art.

Historic cost

The actual cost of an asset in terms of past consideration as opposed to its current value.

Housing revenue account (HRA)

The account which shows the income from and expenditure on the provision of council housing. Other services are charged to the general fund.

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HRA subsidy

Revenue funding paid to local authorities to make up any assumed deficit between income and expenditure in the HRA. HRA subsidy is based on the concept of the 'notional HRA'; local authorities are required to construct a notional account using the government's assumptions regarding levels of rents and expenditure on repairs and maintenance. Any deficit is the subsidy entitlement for the year, and if there is a notional surplus then the authority has a negative subsidy entitlement, and the surplus must be transferred to the government.

Impairment

A reduction in the value of a non-current asset, greater than normal depreciation, below its carrying amount on the balance sheet.

Infrastructure assets

Non-current assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure are highways and footpaths.

Joint venture

A joint venture is where a parent local authority holds an interest on a long term basis in an organisation and that organisation is jointly controlled by the local authority and one or more other entities under a contractual arrangement.

Leases

These may be finance leases that transfer the risks and rewards of ownership of an asset to the authority. Alternatively they may be operating leases that are more akin to a hire agreement.

Liabilities

Amounts the authority either owes or anticipates owing to others, whether they are due for immediate payment or not.

Long-term contracts

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

Major repairs allowance (MRA)

The MRA is a government subsidy that was introduced to replace housing revenue account borrowing for repairs to maintain the housing stock to a good standard.

Major repairs reserve (MRR)

This reserve is for capital expenditure on HRA assets.

Minimum revenue provision (MRP)

The minimum amount that the council must charge to the revenue account in the year in respect of the repayment of principal of borrowing for capital purposes.

National non-domestic rates (NNDR)

The rates paid by businesses. These rates are collected by local authorities and paid over to the government. They are then redistributed to local authorities on the basis of relevant population.

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. The NBV should not be taken to represent a current market value.

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New Support and Customer Services Organisation (NSCSO)

The NSCSO project is part of the One Barnet programme. The project aims to reduce back office costs and improve customer service to residents.

Operational assets

Non-current assets held and occupied, used and consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility or for the service or strategic objectives of the authority.

Outturn

Actual income and expenditure in a financial year.

Pension funds

For the Local Government Pension Scheme, these are the funds that invest employers' and employees' pension contributions in order to provide pensions for employees on their retirement and pensions for employees' dependants in the event of death of the employee.

Prior period adjustments

Those material adjustments applicable to prior years, arising from changes in accounting policies, or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Precept

The amount of income demanded of the collection fund by an authority entitled to such income.

Preceptor

An authority entitled to demand money of the collection fund. The preceptors on Barnet's collection fund are the council itself and the Greater London Authority.

Provisions

Amounts held in reserve against specific potential liabilities or losses where there is uncertainty as to amounts and/or due dates. Payment to a provision is counted as service expenditure; expenditure against a provision is therefore not charged to revenue as this would be double counting.

Prudential borrowing

Borrowing by local authorities without government financial support, but in accordance with the CIPFA Prudential Code for local authority borrowing.

Prudential Code

A professional code of practice prepared by CIPFA, for the prudential system introduced on 1 April 2004. Local authorities are required by legislation to have regard to the code.

Public Works Loan Board (PWLB)

A Government body that lends money to local authorities for periods in excess of one year, often at preferential interest rates.

Rateable value

Assessment by the Inland Revenue of a property's value from which rates payable is calculated.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

REFCUS represents expenditure that may be classified under legislation as capital, but does not result in the creation of a fixed asset on the Balance Sheet.

Related parties

Two or more parties are related parties when at any time during the financial period:

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- (i) one party has direct or indirect control of the other; or
- (ii) the parties are subject to common control from the same source; or
- (iii) one party has influence over the financial and operational policies of the other party to the extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- (iii) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Related party transactions

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

Reserves

Amounts prudently held to cover potential liabilities. Payments to reserves are not counted as service expenditure. Payments from reserves are passed through service revenue accounts, as against provisions, where it is not. Earmarked reserves are allocated for a specific purpose. Unallocated reserves are described as balances.

Revenue support grant

A general grant payable to support local authorities' revenue expenditure. A local authority's RSG entitlement is intended to make up the difference between expenditure and income from the NNDR pool and council tax. Revenue support grant is distributed as part of formula grant.

Service Reporting Code of Practice (SeRCOP)

SeRCOP sets the financial reporting guidelines for local authorities. It supplements the principles and practice set out in the code of practice on local authority accounting, by establishing practice for consistent reporting. It provides guidance in three key areas:

- The definition of total cost
- Trading accounts
- Service expenditure analysis

Subsidiary

An organisation is a subsidiary of a parent local authority if the authority has either a majority share in the organisation or exercises a dominant influence over it.

Substance over form

There is a requirement that the substance (real effect on the authority) of a transaction is reported rather than just actual monetary movements (substance over form) at the time they happen. That is future liabilities or gains are recognised in the accounts when they are incurred rather than just when paid for or received.

This largely refers to assets where benefits or liabilities of ownership pass without legal title or they may endow future liabilities or gains. In Barnet's case for instance a lease agreement's transactions will show the actual amount paid or received in the year, but there is a liability for future payments or receipts for the life of the lease, these are recognised in the accounts.

Useful life

The period over which the local authority will derive benefits from the use of fixed asset.