

**Maldon District
Council
Statement of
Accounts Year ended
31.03.19**

Draft

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**MALDON DISTRICT COUNCIL
STATEMENT OF ACCOUNTS 2018/19**

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*** Please note that figures are rounded to the nearest thousand (where applicable) throughout the document and may not sum due to rounding**

Narrative by Interim Section 151 Officer

Introduction

I am pleased to present the Statement of Accounts for Maldon District Council for 2018/19.

Our Purpose and Role

As a District Council we exist to:

- ensure the provision of good quality and improving local services accessible to all those who need them;
- promote improvement in the quality of life for all our residents;
- use our devolved powers of regulation for the wider good; and
- champion the needs of the District at local, regional and national levels.

We play a number of roles that affect how directly we will control or influence meeting the goals for the District. In summary these roles are:

As Regulator – We hold various regulatory powers such as planning, licensing, and environmental health. Through these we can have both direct control and indirect influence over other organisations and their actions.

As Service Provider – In addition to our regulatory service provision, we also have a statutory duty to provide a number of other services that are vital to the local community including refuse and recycling collection, housing benefit provision, council tax collection, and assisting the homeless. Councils also have a role in advancing the health, economic, cultural and leisure agendas.

As Community Leader – As the democratically elected body for the District, we have a role in leading on issues important to our local communities, working with them to help shape their aspirations and explore ways in which they can be delivered; advocating on behalf of them at national, regional and county levels, and planning and safeguarding for the future of our District and its communities.

As Partner – We have a good track record of working in partnership with various organisations to deliver services and secure improvements for our local communities. Difficult financial times reinforce the need to review how we, and others, support and facilitate partnership working in the District in the future.

Maldon is a rural District in the heart of Essex. The population is ageing, but also growing as there are a number of large housing developments in the area. These form key triggers for the Council's objectives around supporting the demographic and ensuring that there is the relevant infrastructure for the growing demand.

The purpose of the Statement of Accounts is to provide clear information to readers on how Maldon District Council has utilised available financial resources using CIPFA's code on Local Authority Accounting, based on International Financial Reporting Standards (IFRS). This document provides details of the Comprehensive Income and Expenditure for the financial year 2018/19. The report provides the accounting for the General Fund and Collection Fund and all other accounts for which the Council is responsible. The Council's Balance Sheet provides details of the assets and liabilities as at 31 March 2019. Other supporting statements are provided to help to explain the figures in the accounts. In addition, a glossary can be found at the back of this publication to help explain some of the technical terms.

The accounts and other relevant documents are subject to audit by Deloitte LLP who provide their opinion on the Council's accounts.

The Statement of Accounts

The accounts for the year ended 31 March 2019 consist of the following statements:

Statement of Responsibilities

The statement sets out the respective responsibilities of Maldon District Council (the Council) and the Interim Section 151 Officer, who is responsible for Finance.

Independent Auditor's Report

The Independent Auditor is required to publish an opinion on whether the financial statements give a true and fair view of the financial position and the expenditure and income of the Council for the year in question. The auditor also has a responsibility to satisfy themselves that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources by review and examination of the Council's corporate performance management and financial management arrangements. The Comptroller & Auditor General (National Audit Office) prepares the code of audit practice which external auditors follow when carrying out their duties.

The Financial Statements:

PRIMARY STATEMENTS

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost for the year of providing services. This is different from the amount funded from taxation which is shown in the Movement in Reserves Statement.

Movement in Reserves Statement

This statement shows the change in the Council's financial resources over the year, including reconciling the accounting cost for the year of providing services with that under statute and used for raising local taxation. Financial resources are represented by specific usable and unusable reserves.

Balance Sheet

This statement shows how the resources available to the Council are held in the form of assets and liabilities. The net assets of the Council are matched by reserves that are analysed into 'usable' and 'unusable' reserves, the former being available to fund expenditure and/ or reduce local taxation, subject to maintaining a prudent level of reserves. The latter represents unrealised gains/ losses and timing differences between recognising amounts in accordance with accounting rules and statutory regulations.

Cash Flow Statement

This statement shows how the movement in resources has been reflected in cash flows of the Council and ultimately changes in cash and cash equivalents.

Accounting Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by the Council in preparing and presenting its financial statements. The accounting policy for the valuation of fixed assets has been amended to reflect the new practice of valuing one fifth of the asset base each year.

Notes to the Accounts

The Notes provide further breakdown and explanation of amounts included in the above financial statements.

Further supplementary financial statements and other additional information are the provided, comprising:

Collection Fund

The Collection Fund statement 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.

Summary of the Financial Outturn for the Year

The overall CIES shows a surplus of £2.2m in the activities of the Council, comprising of the following:

2017/18		2018/19
£000		£000
(47)	(Surplus)/Deficit on Provision of Services	1,749
(6,838)	Other Comprehensive Income	(3,938)
(6,885)	Total Comprehensive Income	(2,189)

The Council is required to determine its revenue (including amounts from Council Taxpayers) and capital resources according to statutory regulations rather than IFRS. Adjustments must therefore be made to the Surplus or Deficit on Provision of Services to reconcile the IFRS accounts to the actual change in the Council's resources available as reflected in the Usable Reserves.

2017/18		2018/19
£000		£000
(47)	(Surplus)/Deficit on Provision of Services	1,749
362	Adjustments between accounting basis and funding basis under regulations	(1,840)
315	Reduction / (Increase) in Usable Reserves of the Council	(91)
	Comprising:	
274	Reduction / (Increase) in Revenue Balances and Reserves	(610)
41	Reduction in Capital Balances and Reserves	519

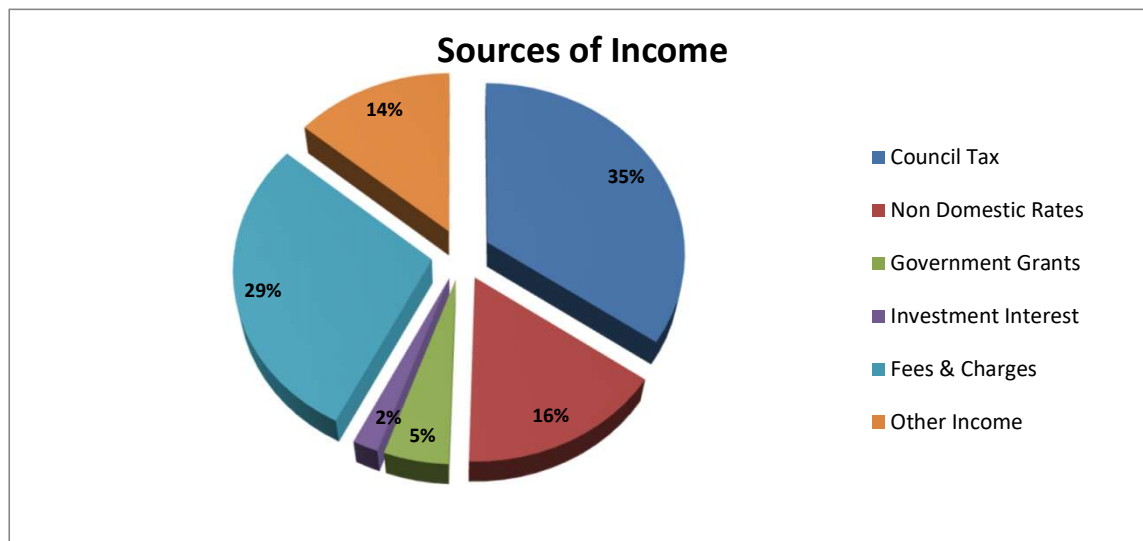
Revenue Expenditure and Sources of Finance

Revenue expenditure reflects the cost (on an IFRS basis) to the Council of providing services to the community. Revenue expenditure totalled £32.1m for the year ended 31 March 2019.

2017/18		Service	2018/19	
Gross Exp			Gross Exp	
£000	%		%	£000
1,060	4	Chief Executive Resources	6	2,013
2,953	10	Directorate	11	3,457
		Customers and Community Directorate		
22,786	74		71	22,729
		Planning and Regulatory Directorate		
3,845	13		12	3,944
30,644	Cost of Services			32,143

Revenue Expenditure and Sources of Finance (Cont.)

Funding for the revenue expenditure comes from a variety of sources:



Performance against net revenue budget

The estimated net revenue expenditure for the Council for 2018/19 was originally £9,514,000. Subsequent to the original budget being agreed this was revised to £12,035,000. Actual net expenditure for the year was £10,512,199, the detail of which is shown below.

	Revised Budget £000	Actual Expenditure £000	Variance £000
Chief Executive	2,706	1,988	718
Resources Directorate	3,125	3,371	(246)
Customers and Community Directorate	3,963	3,087	876
Planning and Regulatory Directorate	2,241	2,066	175
Net Cost of Services	12,035	10,512	1,523
Investment, Trading & Rental Income	(270)	(458)	188
Statutory Adjustments	(2,350)	(1,971)	(379)
General Grants & Other Income	(505)	(883)	378
Council Tax Receipts	(6,104)	(6,104)	(0)
Revenue Support Grant	0	0	-
Business Rate Income	(2,624)	(2,753)	129
Collection Fund Adjustment	(159)	(390)	231
Parish Precepts	1,436	1,436	-
Transfer to / (from) Earmarked Reserves	(1,511)	(932)	(579)
Transfer to / (from) General Fund	50	1,542	(1,592)

Capital Expenditure

Capital expenditure for 2018/19 was £496,000 (£1,021,000 for 2017/18). This compares with a revised budget of £1,302,000

A summary of the key capital schemes for 2018/19 is shown below:

Scheme	2018/19 Budget	Actual spend to 31 March 2019
	£000	£000
Vehicle and Plant replacement	36	-
Information and Computer Technology	799	293
Maldon Promenade Park	189	88
Parks and Open Spaces	20	75
Cemeteries	24	3
Car Parks	118	7
Replacement polling booths	25	7
99 Wood Road		1
Purchase of bins	22	22
CCTV	69	-
Total	1,302	496
Housing *	420	503

* The Housing figure includes external contributions to capital works in respect of Disabled Facility Grants (DFG), as Revenue Funded Capital Under Statute (REFCUS)

The Key Variance relates to Information and Computer Technology, which is a project that spans more than one accounting period and is work still in progress

Pension Fund

The Council's share of the assets and liabilities of the Pension Fund is a net liability. The net liability has decreased from (£26,460K) to (£25,535K). A further explanation can be found in note 27 to the Core Financial Statements. It is important to understand that the net pension liability is a position taken at just one point in time. Market prices can move up as well as down in the short term and it is therefore not possible to quantify what long term effect the movement in market prices will have on the Pension Fund.

The net pension liabilities have decreased after actuaries allowed for Employer Asset investment returns, contributions paid into and estimated benefits paid from the fund and after projecting future cashflows to be paid from the fund, together with Demographic and Statistical assumptions including mortality projections.

Provisions/Contingencies

The Council makes provisions for Bad Debts and for Business Rate Appeals that have been assessed as having a "probable" success rate. 13 appeals were settled by the Valuation Office during 2018/19, with a new total rateable value of £875,000

The increase in provision therefore reflects a further possible year of backdated claims.

There were no material write offs during 2018/19.

The Council also has earmarked reserves set aside for contingent liabilities i.e. "possible" obligations. A further explanation can be found in note 28 to the Core Financial Statements.

Future Outlook Revenue

The Council has implemented a whole council transformation programme titled the Future Model over the years 2018/19 and 2019/20 to save on costs and raise additional revenue totalling £1.89m by 2022/23. This was in response to the revenue budget gap identified in its Medium Term Financial Strategy. The Council has also approved a Commercial Strategy that will look to develop an approved list of potential commercial projects to create new or increased revenue streams. The Council has been pro-active and

It continues to hold robust levels of reserves.

The Council's general fund balances excluding earmarked reserves totalled £4.769m at 31 March 2019 (£3.227m at 31 March 2018) and cash balances were £7.877m at 31 March 2019 (£6.823m at 31 March 2018).

Capital**Estimated Future Capital Spending plans**

	2019/20	2020/21	2021/22	2022/23
Project Title	£000	£000	£000	£000
Vehicle & Plant Replacement	118	22	22	22
Information & Communication Technology	35	35	35	35
Provision of Superfast broadband	45			
New Accessible playsite	48	-	-	
Splash Park new elements	10	10		
Housing	420	420	420	420
Maldon Cemetery foundation work	25	-	-	
Other New Projects	-	-	-	
Total Capital Programme	701	487	477	477
Financed by:				
Capital Receipts	281	67	57	57
Government Grant	420	420	420	420
Total Funding	701	487	477	477

The above table shows the capital spending plans of the Council in line with the Medium Term Financial Strategy approved on 14 February 2019.

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 a 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.

The £420k planned expenditure for Housing relates to the Disabled Facilities Grant Programme which gives money to claimants for disabled adaptations on their home. This is funded by Central Government.

Risks

The biggest risk to the authority is the future uncertainty around funding. There is already a significant funding gap identified in the Medium Term Financial Strategy. There remains ongoing uncertainty on the future system of local government funding and how Maldon will fare within it. There will also be the new system for Business Rates retention that is being moved away from the 100% retention scheme originally proposed to a lower percentage and with a baseline rates reset removing the greater potential for retained growth income.

Government has not pre-announced any future financial settlement for 20/21 and beyond, nor given any indication of future resource levels for local government via a Spending Review. This coupled with an overhaul of the business rate retention scheme for funding and a review of funding allocations via the fair funding and the resources and needs review means the levels of support from Government, in terms of funding, are very uncertain. The Council is in a good position to address this uncertainty via its sound financial management and planning, alongside prudent levels of reserves needed in times of uncertainty. The Council will be monitoring all announcements by Government with respect to its proposals and ensuring that the Council reply to all consultations to ensure the interests of the Council and our residents are strongly represented.

There is further uncertainty over the date of departure for the UK from the European Union but the Council will be monitoring all developments during the year to ensure any potential financial impacts on the Council are anticipated.

Opportunities

The Council are always looking at opportunities for joint working with other bodies, this could be something as simple as joint procurement of a service, or on a larger scale the joint provision of a service.

With the greater freedoms now available to Local Government, Maldon District Council are starting to explore commercial opportunities to assist in meeting the gaps in future finances.

Performance Information

The Corporate Plan covering the period 2015/2019 was updated and adopted by the Council in February 2018. The Plan sets the vision and corporate goals and provides strategic direction for the planning and delivery of the Council's work. For each goal, the Plan details the objectives the Council is striving to achieve.

Each year the Corporate Leadership Team (CLT), together with managers, identifies the key corporate activities that will be taken forward to contribute to the achievement of the priorities and objectives. These are approved by Council and are monitored quarterly at a corporate level by CLT at performance and risk clinics which also involves the service managers. Targets for a number of key performance indicators are also agreed by Council and monitored corporately to manage performance and track the impact of the actions/provide evidence of achievements. Quarterly performance reports are submitted to the Overview and Scrutiny Committee which scrutinises decisions made by, and the performance of Committees and Council Officers.

The key corporate activities are detailed in the Level 1 Business Plan for each Directorate. This plan is the cornerstone of the performance planning process and contains the aims and priorities for each Directorate and are submitted to the Programme Committees for notification. At an operational level, each service produces a Level 2 business plan. These are not submitted to Committee, but facilitate effective performance and risk management within the Directorates including the setting of individual objectives and completion of performance reviews

Updates on the key corporate activities and the performance indicators are recorded by the responsible officers on TEN, the Council's corporate performance and risk management system. These updates form the basis of the quarterly performance reports to CLT and the Overview and Scrutiny Committee. Six monthly performance reviews are also undertaken by the Programme Committees.

Individual staff objectives flow from the key corporate and service activities.

Quarterly performance information is published on the Council's website and all the performance reports submitted to the Committees are accessible via the website.

The Key Performance Indicators monitored include:

Key Performance Indicator/Measure	2017/18		2018/19		2019/20
	Target	Actual	Target	Actual	Target
Level of reported crime (no. of incidents)	<2,422	2,572	<2,422	3,330	Tracking measure w.e.f. 18/19 - no target to be set
Percentage of Council Tax collected	98.30%	98.45%	98.30%	98.55%	98.30%
Percentage of Non-domestic Rates collected	98%	98.8%	98%	97.95%	98%
Time taken to process Housing Benefit/Council Tax Support - new claims (days)*	15 days	10.72 days	15 days	28.63 days	15 days
Time taken to process Housing Benefit/Council Tax Support – change of circumstances (days)	8.5 days	5.09 days	8.5 days	6.27 days	6.5 days
Percentage of major planning applications processed within 13 weeks	80%	97.92%	80%	91.23%	90%
Percentage of minor planning applications processed within 8 weeks	75%	97.8%	75%	97%	90%
Percentage of other planning applications processed within 8 weeks	85%	98.16%	85%	99.24%	90%
Quality of decisions: percentage of the total number of decisions on applications made during the assessment period overturned at appeal (major applications)	8.50%	6.15%	8.50%	97%	8.50%
Quality of decisions: percentage of the total number of decisions on applications made during the assessment period overturned at appeal (non-major applications)	8.50%	3.70%	8.50%	99.24%	8.50%
Total Kilogrammes of household waste arising per household (annual)	790kg	825kg	790kg	825.8kg	750kg (subject to final review)
Percentage of household waste sent for reuse, recycling and composting	58%	59.60%	58%	58.80%	59%
Total Kilogrammes of residual household waste per household	350kg	333kg	350kg	339kg	340kg (subject to final review)
Average number of working days lost due to sickness per FTE	8 days	10.86 days	8 days	7.02 days	8 days

*The actual figure for 2018/19 is higher than the target, when the resources available for this were reduced due to a period when core systems were stressed which resulted in the original target not being achieved as the additional demands that the service faced as they embed significant service transformations. There has also been the impact as a result of the Universal Credit roll out as, in some circumstances, additional checks, the timescales for which are not wholly within the Council's control, were required to establish whether a claim is new or should be Universal Credit. The situation is being monitored closely.

Other measures that are not wholly within the Council's control are also "tracked" during the year.

These are linked to the corporate goals and objectives. Monitoring the performance of these provides evidence of progress towards achieving our goals and outcomes.

Further Information

Further information about the accounts is available from the Interim Section 151 Officer, Maldon District Council, Princes Road, Maldon, Essex. CM9 5DL

Transparency information concerning the Council's spend with suppliers is detailed on the website (www.maldon.gov.uk).

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

The Council is required to:

- (i) make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Interim Section 151 Officer;
- (ii) manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- (iii) approve the Statement of Accounts.

The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy's (CIPFA) / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code). In preparing this Statement of Accounts the Section 151 Officer has:

- (i) selected suitable accounting policies and then applied them consistently;
- (ii) made judgements and estimates that were reasonable and prudent;
- (iii) complied with the local Authority Code.

I certify that these accounts were considered and approved under delegated powers, by the Performance, Governance and Audit Committee at the meeting held on 28 November 2019

On behalf of Maldon District Council
Councillor R G Boyce MBE
Chairman of the council

Signed:

Date: 19 December 2019

The Section 151 Officer has also:

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

I certify that this Statement of Accounts presents a true and fair view of the financial position of the Council at 31 March 2019 and its income and expenditure for the year then ended.

Signed



Kamal Mehta
Interim S.151 Officer
Date: 11 December 2019

EXPENDITURE FUNDING ANALYSIS

The Expenditure and Funding Analysis is a note to the Financial Statements, however it is positioned here as it provides a link from the figures reported in the Narrative by the Interim Section 151 Officer to those in the Comprehensive Income and Expenditure Statement.

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

2017/18			2018/19		
Net Expenditure Chargeable to the General Fund	Adjustments Between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments Between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
1,031	2	1,033 Chief Executive	1,986	2	1,988
2,772	80	2,852 Resources Directorate	3,535	(163)	3,372
2,081	781	2,862 Customers and Community Directorate	2,495	593	3,088
1,878	343	2,221 Planning and Regulatory Directorate	1,591	474	2,065
(1,176)	1,176	Absence Accrual and IAS19 Adjustments - included in the above	(1,402)	1,402	0
6,586	2,382	8,968 Net Cost of Service	8,205	2,307	10,513
(6,310)	(2,705)	(9,015) Other Income and Expenditure	(8,818)	55	(8,764)
276	(323)	(47) Surplus or Deficit	(613)	2,363	1,749
6,992		Opening General Fund Balance at 1 April	6,716		
(276)		Add (deficit)/surplus on General Fund in year	613		
6,716		Closing General Fund balance at 31 March	7,327		

Notes to the Expenditure and Funding Analysis

Note 1.

ADJUSTMENTS FROM GENERAL FUND TO ARRIVE AT THE COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

2017/18				2018/19			
Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments	Adjustments for Capital Purposes	Net change for the Pensions Adjustments (Included in service cost for members outturn)	Other Differences (Included in service cost for members outturn)	Total Adjustments
2	88	-	90	2	104	-	106
80	266	0	346	(163)	308	-	145
781	412	0	1,193	593	502	-	1,095
343	410	0	753	474	488	-	962
1,205	1,176	0	2,382	906	1,402	-	2,308
(1,309)	(996)	(400)	(2,705)	(1,392)	1,091	356	55
(103)	180	(400)	(323)	(486)	2,493	356	2,363

Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income and expenditure – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure - Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

For Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the CIES.

Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Notes to the Expenditure and Funding Analysis**Note 2.**

Income received in a segmental basis is recorded below:

2017/18		2018/19
£000's	Income	£000's
(27)	Chief Executive	(25)
(101)	Resources Directorate	(86)
(19,924)	Customers and Community Directorate	(19,642)
(1,624)	Planning and Regulatory Directorate	(1,878)
<u>(21,676)</u>	Total income analysed in a segmental basis	<u>(21,631)</u>

Note 3.**EXPENDITURE AND INCOME ANALYSED BY NATURE**

The authority's expenditure and income is analysed as follows:

2017/18		2018/19
£000's		£000's
	Expenditure	
8,940	Employee benefits expenses	10,202
19,774	Other services expenses	20,332
694	Direct cost recharges	704
1,070	Depreciation, amortisation and impairment	239
831	Interest payments	660
1,383	Precepts and levies	1,436
<u>32,692</u>	Total expenditure	<u>33,573</u>
	Income	
(6,705)	Fees, charges and other service income	(7,456)
(389)	Interest and investment income	(453)
(8,990)	Income from council tax, nondomestic rates, district rate income	(8,857)
(608)	Gain on the disposal of assets	0
(16,048)	Government grants and contributions	(15,057)
<u>(32,740)</u>	Total income	<u>(31,823)</u>
<u>(47)</u>	(Surplus)/Deficit on the Provision of Services	<u>1,749</u>

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2017/18	2017/18	2017/18		2018/19	2018/19	2018/19
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
1,060	(27)	1,033	Chief Executive	2,013	(25)	1,988
2,953	(101)	2,852	Resources Directorate	3,457	(86)	3,371
22,786	(19,924)	2,862	Customers and Community Directorate	22,729	(19,642)	3,087
3,845	(1,624)	2,221	Planning and Regulatory Directorate	3,944	(1,878)	2,066
30,644	(21,676)	8,969	COST OF SERVICES	32,143	(21,631)	10,512
		1,383	Parish & Town Precepts			1,436
		(608)	Gains on the disposal of fixed assets			-
		775	OTHER OPERATING EXPENDITURE			1,436
		6	Interest payable and similar charges			-
		(237)	Interest on investments			(296)
		(13)	Surplus on trading undertakings			(16)
		825	Net interest on pension liability			665
		(65)	Revaluation of Available for Sale Financial Asset			(6)
		(139)	Rental Income from Investment Assets			(146)
		(101)	Revaluation Gain on Investment Assets			(661)
			FINANCING AND INVESTMENT INCOME &			
		276	EXPENDITURE			(460)
		(6,024)	Council Tax Income			(6,104)
		(1,076)	Government Grants (not attributable to specific services)			(883)
		(2,966)	Non-Domestic Rates			(2,753)
(9,015)	(8,764)	(10,066)	TAXATION AND NON SPECIFIC GRANT INCOME			(9,740)
		(46)	(SURPLUS) / DEFICIT ON THE PROVISION OF SERVICES			1,749
		(5,562)	Re-measurement of net defined liability for the pension fund			(3,448)
			Surplus or deficit on revaluation of Property, Plant and			
		(1,276)	Equipment assets			(490)
		(6,838)	OTHER COMPREHENSIVE INCOME AND EXPENDITURE SURPLUS			(3,938)
		(6,884)	TOTAL COMPREHENSIVE INCOME AND EXPENDITURE SURPLUS			(2,189)

MOVEMENT IN RESERVES STATEMENT

		Revenue Reserves		Capital Reserves				
	Notes	General Fund Balance £000	Earmarked General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Comparative Year								
Balance at 01 April 2018 Brought Forward	7	(4,339)	(2,653)	(3,510)	(207)	(10,709)	(2,095)	(12,804)
Movements in reserves during 2017/18								
Total Comprehensive Income & Expenditure		(47)	-	-	-	(47)	(6,838)	(6,885)
Adjustments between accounting basis & funding basis under regulations		321	-	(35)	76	362	(362)	-
Transfers to / (from) earmarked reserves		838	(838)	-	-	-	-	-
(Increase)/Decrease in the year in 2017/18	7	1,112	(838)	(35)	76	315	(7,200)	(6,885)
Balance at 31 March 2018 Carried Forward	7	(3,227)	(3,491)	(3,545)	(131)	(10,394)	(9,295)	(19,689)
Current Year								
Balance at 01 April 2018 Brought Forward	7	(3,227)	(3,491)	(3,545)	(131)	(10,394)	(9,295)	(19,689)
Movements in reserves during 2018/19								
Total Comprehensive Income & Expenditure		1,749	-	-	-	1,749	(3,929)	(2,180)
Adjustments between accounting basis & funding basis under regulations		(2,359)	-	453	66	(1,840)	1,840	-
Transfers to / (from) earmarked reserves	7	(932)	932	-	-	-	-	-
(Increase)/Decrease in the year in 2018/19	7	(1,542)	932	453	66	(91)	(2,089)	(2,180)
Balance at 31 March 2019 Carried Forward		(4,769)	(2,559)	(3,092)	(65)	(10,485)	(11,384)	(21,869)

**Notes to the Movement In Reserves Statement
2017/2018**

	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total
	£000	£000	£000	£000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Amortisation of intangible fixed assets	(38)	-	-	(38)
Depreciation of fixed assets	(760)	-	-	(760)
Loss on Revaluation	(142)	-	-	(142)
Revaluation gain on Non Current assets	74	-	-	74
Reversal of Capital Grants & Contributions Credited straight to services	373	-	-	373
Revenue Expenditure Funded From Capital Under Statute	(341)	-	-	(341)
Revaluation of Investment Assets	101	-	-	101
Net gain/loss on sale of fixed assets	608	(608)	-	-
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement				
Statutory provision for financing	227	-	-	227
Investment Assets fair value gain				
Capital Expenditure charged in year to the General Fund	-	-	-	-
Adjustments relating to the Capital Grants Unapplied Account				
New Capital Grants Received Reversed to CAA or Capital Grants Unapplied	-	-	-	-
Utilisation of Capital Grants Unapplied				
Adjustments Relating to Capital Receipts	-	-	-	-
Capital receipts applied		573	76	649
Deferred Capital Receipts Received				
Adjustments relating to the Pensions Reserve	-	-	-	-
Net charges made for retirement benefits in accordance with IAS19	(2,818)	-	-	(2,818)
Employer's contributions payable to the pension fund and retirement benefits payable direct to pensioners	2,636	-	-	2,636
Adjustments relating to the Collection Fund Adjustment Account				
Transfers to (from) Collection Fund Adjustment Account	336	-	-	336
Adjustments relating to the Available for Sale Reserve				
Transfers to (from) Available for Sale Reserve	65	-	-	65
Adjustments relating to the Accumulated Absences Account				
Employee Benefits Accrued (prior year adjustment)	79	-	-	79
Employee Benefits Accrued (current year adjustment)	(79)	-	-	(79)
Total adjustments between accounting basis & funding basis under regulations	321	(35)	76	362

**Notes to the Movement In Reserves Statement
2018/2019**

Usable Reserves

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total
	£000	£000	£000	£000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Amortisation of intangible fixed assets	(36)	-	-	(36)
Depreciation of fixed assets	(739)	-	-	(739)
Loss on Revaluation	-	-	-	-
Revaluation gain on Non Current assets	338	-	-	338
Reversal of Capital Grants & Contributions Credited straight to services	502	-	-	502
Revenue Expenditure Funded From Capital Under Statute	(437)	-	-	(437)
Revaluation of Investment Assets	661	-	-	661
Net gain/loss on sale of fixed assets	3	(15)	-	(12)
Insertion of items not debited or credited to the Comprehensive Income & Expenditure Statement				
Statutory provision for financing	226	-	-	226
Investment Assets fair value gain				
Capital Expenditure charged in year to the General Fund	-	-	-	-
Adjustments relating to the Capital Grants Unapplied Account				
New Capital Grants Received Reversed to CAA or Capital Grants Unapplied	-	-	-	-
Utilisation of Capital Grants Unapplied				
Adjustments Relating to Capital Receipts	-	-	-	-
Capital receipts applied	-	468	66	534
Deferred Capital Receipts Received				
Adjustments relating to the Pensions Reserve	-	-	-	-
Net charges made for retirement benefits in accordance with IAS19	(3,453)	-	-	(3,453)
Employer's contributions payable to the pension fund and retirement benefits payable direct to pensioners	932	-	-	932
Adjustments relating to the Collection Fund Adjustment Account				
Transfers to (from) Collection Fund Adjustment Account	(390)	-	-	(390)
Adjustments relating to the Available for Sale Reserve				
Transfers to (from) Available for Sale Reserve	6	-	-	6
Adjustments relating to the Accumulated Absences Account				
Employee Benefits Accrued (prior year adjustment)	79	-	-	79
Employee Benefits Accrued (current year adjustment)	(51)	-	-	(51)
Total adjustments between accounting basis & funding basis under regulations	(2,359)	453	66	(1,840)

BALANCE SHEET

31-Mar-18 £000		Note	31-Mar-19 £000
	NON CURRENT ASSETS		
28,609	Property Plant & Equipment	9	29,364
2,458	Land & Buildings		2,028
2,905	Vehicles Plant & Equipment		2,869
624	Infrastructure		624
16	Community Assets		16
95	Assets Under Construction		95
1,997	Heritage Assets		2,659
121	Investment Property	11	369
4,932	Intangible Assets		4,940
226	Long Term Investments	12	277
	Long Term Debtors	14	
41,983	TOTAL LONG TERM ASSETS		43,241
	CURRENT ASSETS		
16	Inventories		15
3,170	Short Term Debtors	13	2,207
6,823	Cash and Cash Equivalents	15	7,877
1,001	Available for Sale	12	2,000
11,010			12,099
(4,276)	LESS CURRENT LIABILITIES		
(651)	Short term creditors	16	(5,022)
(4,927)	Provisions	29	(1,082)
6,083	NET CURRENT ASSETS		5,995
(1,131)	Long Term Creditors	26	(905)
(26,460)	Liability related to Pension Scheme	27	(25,535)
(100)	Provisions (insurance)	29	(100)
(695)	Capital Grants Receipts in Advance		(826)
(28,386)	TOTAL LONG TERM LIABILITIES		(27,366)
19,680	TOTAL ASSETS LESS LIABILITIES		21,870
	FINANCED BY		
(3,545)	Usable Reserves		(3,092)
(131)	- Usable Capital Receipts Reserve		(65)
(6,716)	- Capital Grants Unapplied Account		(7,327)
(10,392)	- Revenue Reserves	7	(10,484)
	- Total Usable Reserves		
(13,609)	Unusable Reserves	17	(14,066)
(22,107)	- Revaluation Reserve		(23,177)
26,460	- Capital Adjustment Account		25,535
(224)	- Pensions Reserve	27	167
113	- Collection Fund Adjustment Account		106
79	- Available for Sale Reserve		51
(9,288)	- Accumulated Absences Account		(11,384)
(19,680)	- Total Unusable Reserves		(21,870)
	TOTAL NET WORTH		

These financial statements replace the unaudited financial statements certified by Emma Foy (Director of Resources) on 31 May 2019.

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash flows have been made from resources which are intended to contribute to the authority's future service delivery. Financing activities summarises cash flows from where we have offered or received loans or finance leases during the year.

2017/18 £000	Note	2018/19 £000
(47) Net (surplus)/deficit on the provision of services		1,749
(533) Adjustments to net (surplus)/deficit for non-cash movements	(note A)	(191)
608 Adjustments for items that are financing or investing activities	(note B)	(427)
28 Net cash (inflows)/outflows from operating activities		1,131
Investing activities		
Purchase of property, plant and equipment, investment property and		
419 intangibles		459
10,000 Purchase of short and long term investments		2,000
45 Other payments made for investing activities		-
Proceeds of sale of property, plant and equipment, investment		
- property and intangibles		(16)
(11,000) Proceeds of sale of short and long term investments		(1,000)
(288) Other receipts from investing activities		-
(824) Net cash (inflow)/outflow from investing activities		1,443
Financing activities		
226 Repayment of finance lease		226
221 Other receipts for financing activities		(1,060)
(13) Cash receipts of short and long term borrowing		-
(592) Other cash receipts from financing activities		(390)
- Interest Received	(note D)	(296)
(158) Net cash (inflow)/outflow from financing activities		(1,520)
(954) Net (increase) or decrease in cash and cash equivalents		1,054
5,869 Cash and cash equivalents at the beginning of the year		6,823
6,823 Cash and cash equivalents at the end of the year	(note C)	7,877

Notes to the Cash Flow Statement

Note A: adjustments to net (surplus) or deficit for non-cash movements

2017/18 £000		2018/19 £000
(765)	Depreciation, impairments and amortisation	(739)
(4)	(Increase) / Decrease in inventories	1
(37)	Increase in impairment for bad debts	-
172	Decrease in debtors	912
315	Increase in creditors	744
(99)	(Decrease) / Increase in provisions	1,355
(2,816)	Pension costs	(4,401)
2,636	Pension charges	932
65	Revaluation gains on the value of non-current assets	1,005
(533)		(191)

Note B: adjustments for items that are financing or investing activities

2017/18 £000		2018/19 £000
608	Proceeds of sale of property, plant and equipment, investment property and intangibles	-
-	Capital grants received	(131)
	Interest received	(296)
608		(427)

Note C: cash & cash equivalent components

As at 31 March 18 £000		As at 31 March 19 £000
5,503	Call accounts	6,205
1,316	Cash	1,668
4	Cash floats	4
6,823		7,877

Note D: Interest paid and received

2017/18 £000		2018/19 £000
(240)	Interest received	(296)
6	Interest paid	-
(234)	Net cash (inflow) / outflow	(296)

Note E: Reconciliation of liabilities arising from financing activities

	31 March 2018 £000	Financing Cashflows £000	Non Cash Acquisition	Changes Other non-cash changes	31 March 2019 £000
Lease Liabilities	1,358	(226)	-	-	1,131
Total liabilities from financing activities	1,358	(226)	-	-	1,131

	31 March 2017 £000	Financing Cashflows £000	Non Cash Acquisition	Changes Other non-cash changes	31 March 2018 £000
Lease Liabilities	1,584	(226)	-	-	1,358
Total liabilities from financing activities	1,584	(226)	-	-	1,358

COLLECTION FUND

2017/18		
Business Rates £000	Council Tax £000	TOTAL £000
-	(40,202)	(40,202)
(13,942)	-	(13,942)
-	(11)	(11)
(13,942)	(40,213)	(54,155)
6,353	-	6,353
1,144	27,776	28,920
-	3,748	3,748
127	1,648	1,775
5,082	5,855	10,937
(443)	-	(443)
(79)	1,104	1,025
-	149	149
(9)	66	57
(354)	231	(123)
11,821	40,577	52,398
113	38	151
321	-	321
93	-	93
601	-	601
1,128	38	1,166

(993)	402	(591)
1,077	(2,125)	(1,048)
84	(1,723)	(1,639)

Income

Council Tax Receivable (CT)
Business Rates Receivable (NDR)
Annex Discount Grant (CT)

Expenditure

Precepts Demands and Shares:
Central Government
Essex County Council
PFCC for Essex Policing and Community Safety*
Essex PFCC Fire & Rescue Authority*
Maldon DC & Parishes
Redistributed Collection Fund previous year surplus
Central Government
Essex County Council
PFCC for Essex Policing and Community Safety*
Essex PFCC Fire & Rescue Authority*
Maldon DC & Parishes
Charges to Collection Fund:
Increase /Decrease (-) in Bad Debt Provision
Increase/Decrease (-) in Provision for Appeals
Costs of Collection
Disregarded Amounts

2018/19		
Business Rates £000	Council Tax £000	TOTAL £000
-	(42,626)	(42,626)
(14,230)	-	(14,230)
-	-	-
(14,230)	(42,626)	(56,856)
6,635	-	6,635
1,194	29,558	30,752
-	4,089	4,089
133	1,703	1,836
5,308	6,104	11,412
89	-	89
16	754	770
-	102	102
2	45	47
71	159	230
13,448	42,514	55,962
81	133	214
1,125	-	1,125
91	-	91
456	-	456
1,753	133	1,886

971	21	992
84	(1,723)	(1,639)
1,055	(1,702)	(647)

(-) Surplus/Deficit arising during the year
 (-) Surplus/Deficit b/fwd as at 1 April
 (-) Surplus/Deficit c/fwd 31 March

* PFCC is the abbreviation for Police, Fire and Rescue Authority and Crime Commissioner

Notes to the Collection Fund

1. COUNCIL TAX INCOME

The average Band D Council Tax for the year was £1,713 (£1,635 in 2017-18).

2. COUNCIL TAX BASE

The Council's tax base i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of Band D dwellings, was calculated as follows:

Band	Chargeable Dwellings	Estimated Properties after discounts exemptions etc.	Ratio to Band D	B and D Equivalent Dwellings
A *	-	2.35	5/9	1.3
A	2,370.00	1,409.15	6/9	939.4
B	3,679.00	2,688.19	7/9	2,090.8
C	7,919.00	6,423.12	8/9	5,709.4
D	5,204.00	4,637.47	9/9	4,637.5
E	4,378.00	4,057.06	11/9	4,958.6
F	2,773.00	2,638.83	13/9	3,811.6
G	1,502.00	1,435.06	15/9	2,391.8
H	174.00	161.35	18/9	322.7
	27,999.00	23,452.58		24,863.1
Less adjustment for collection rate				(669.9)
Council Tax Base				24,193.2

* Band A properties entitled to a disabled relief reduction

3. NON DOMESTIC RATES

Rates are charged on each of the district's 2,449 commercial properties.

Rateable value at 31 March 2019

Multiplier: Business Rate Relief

50.4

Small Business Rate Relief

49.1

The multiplier is set by Central Government.

A business rates retention scheme was introduced in April 2013.

The Local Authority retains 100% of NDR income for their Renewable Energy sites then, after allowances and expenditure retains 40%, with 50% being paid to Central Government, 9% to Essex County Council and 1% to Essex County Fire & Rescue Service.

4. COLLECTION FUND BALANCES

	31-Mar-18 £000	Movement £000	31-Mar-19 £000
(Surplus) / Deficit (CT)	(1,723)	21	(1,702)
(Surplus) / Deficit (NDR)	84	971	1,055
		NDR	CT
Attributable to:			
Central Government		528	
Maldon District Council		422	(251)
Essex County Council		95	(1,214)
PFCC for Essex Policing and Community Safety			(168)
Essex PFCC Fire & Rescue Authority		11	(70)
		1,055	(1,702)

NOTES TO THE CORE ACCOUNTING STATEMENTS

1. ACCOUNTING POLICIES

General Principles and Accounting Concepts

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the year end of 31 March. The Council is required to prepare an annual Statement of Accounts, prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and 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.

The main accounting policies adopted by the Council in preparing the Statement of Accounts are as follows:

1) Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract
- Supplies are recorded as expenditure when they are consumed, when 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 are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instruments 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.
- In the case of periodic receipts and payments, where it does not materially affect the accounts and a full year's income and expenditure is recorded, an accrual does not need to be raised

The Code of Practice on Local Authority accounting for 2018/19 was revised to take into account the latest International Financial Reporting Standards (IFRS), IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with Customers coming into effect.

IFRS 9 includes a single classification approach for financial assets driven by cash flow characteristics and how an instrument is managed, and a "forward looking" "expected loss" model for impairment rather than the previous "incurred loss" model.

IFRS 15 introduces a five-step process for recognising revenue based on the transfer of control rather than the previous risk and reward.

Both of these changes have been considered as part of the preparation of the Council's accounts for 2018/19 and neither are considered to have a material impact on the financial statements.

Where the Council is due to receive income from contractual arrangements with its customers, it is required to consider the following 5 steps before disclosing income:

1. Identify the contract with a service recipient
2. Identify all the individual performance obligations within the contract
3. Determine the transaction price
4. Allocate the price to the performance obligations
5. Recognise revenue as the performance obligations are fulfilled

If these are deemed to be applicable to any existing arrangements, income will not be recognised in the financial statements until the relevant performance obligations have been met.

2) 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 held for the purpose of settling liabilities in the short-term and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3) Exceptional items

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

1. ACCOUNTING POLICIES cont.**4) 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 assets attributable to the relevant service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. Depreciation, revaluation and impairment losses and amortisation are replaced by an equal contribution in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account, recorded in the Movement in Reserves Statement (MiRS).

5) Government Grants and Other Contributions

Whether paid on account by instalments or in arrears, government grants, 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.

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 or Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement. Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account.

6) Council Tax and Non-domestic Rates

Maldon District Council is a billing authority and acts as agents, collecting council tax and non-domestic rates (NDR) on behalf of major preceptors (including government for NDR), which includes Essex County Council, Essex Fire Authority, Council Tax for Essex Police and Crime and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (ie the Collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than expected.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the councils share of accrued income for the year. However, regulations determine the amount the council tax and NDR that must be included in the councils General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the councils share of the end of year balances in respect of council tax and NDR relating to arrears, impairment for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the

7) 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, paid sick leave and non-monetary benefits for current employees. They are recognised as an expense for services in the year in which employees render their services to the Council.

An accrual is made for the cost of holiday entitlements, flexi time and time off in lieu earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is an estimation based on the historical cost of outstanding leave after giving consideration to the risk of any material misstatement. The accrual is charged to Surplus/Deficit on the Provision of Services in the financial year in which the absences are accrued and it is then reversed out through the Movement in Reserves Statement so there is no impact on Council Tax.

- 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. They are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises the costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the accounting basis 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 unpaid at the year end.

1. ACCOUNTING POLICIES cont.**7) Employee Benefits cont'd***- Post Employment Benefits*

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

- The liabilities of the Essex Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method (i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees based on assumptions about mortality rates, employee turnover rates etc. and earnings for current employees).
- Liabilities are discounted to their value at current prices, using a discount rate (based on the indicative rate of return on high quality corporate bonds).
- The assets of Essex pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities: current bid price
 - unquoted securities: professional estimate
 - unitised securities: current bid price
 - property: market value.
- The change in the net pensions liability is analysed into the following components:

Service cost comprising:

 - Current service cost: the increase in liabilities as a result of the year of service earned this year. This is allocated in the Comprehensive Income and Expenditure Statement to the services for which the Council employees worked.
 - Past service costs: the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years. These are debited to the surplus/deficit on the provision of services in the Comprehensive Income and Expenditure Statement as part of Resources Directorate.
 - Net interest on the net defined benefit liability (asset): the change during the period in the net defined benefit liability that arises from the passage of time, charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period; taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments.

Remeasurements comprising:

 - The return on plan assets: excluding amounts included in net interest on the defined benefit liability. This is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - Actuarial gains and losses: changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. These are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Essex Pension Fund: cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense for the

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standard. This means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension fund. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

1. ACCOUNTING POLICIES cont.**7) Employee Benefits cont'd***- Discretionary Benefits*

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

8) Events after the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period (on 31 March) and the date when the Statement of Accounts are authorised for issue.

Two types of post Balance Sheet events can be identified:

- Adjusting events are those that provide evidence of conditions that existed at the Balance Sheet date. Where material, the Statement of Accounts is adjusted to reflect the impact of such events.
- Non-adjusting events are those that are indicative of conditions that arose after the Balance Sheet date. The Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, additional disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

9) Financial Instruments*- Financial Liabilities*

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

The Council does not have any borrowing. Trade payables (creditors) are disclosed at fair value.

- Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI) - not applicable to the Council for 2018/19.

The Council's business model is to hold investments to collect contractual cash flows.

Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivables are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

Expected Credit Loss Model

The authority recognises expected credit losses on all its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The Council has one loan made to a charitable trust. This loan was made to support the charitable trust at Stow Maries Great War Aerodrome the site has significant natural heritage value and is in Natural England's Higher Level Environmental Stewardship scheme.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques.

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

Available for sale assets are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where fixed and determinable payments exist, annual credits made to the financing and investment income within the CIES for interest receivable are based on amortised cost of the asset multiplied by the effective interest rate. The fair value of available for sale assets is based on market price. As the Council only used stable net asset value funds fair value is the same as nominal value. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices - the market price.
 - other instruments with fixed and determinable payments - discounted cash flow analysis.
- The inputs to the measurement techniques are categorised in accordance with the following three levels:
- Level 1 inputs - quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
 - Level 2 inputs - inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
 - Level 3 inputs - unobservable inputs for the asset.

10) Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or if the asset is held for sale. Investment properties are measured initially at cost and subsequently at Fair Value (see below).

Properties are not depreciated but are revalued or reviewed annually to a year-end value.

As a minimum investment properties, regardless of leases, will be revalued every 5 years along with other classes of assets.

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. Directly attributable operating expenses related to investment properties are debited to the Financing and Investment Income line. 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 Adjustment Account and the Capital Receipts Reserve (for the sale proceeds).

1. ACCOUNTING POLICIES cont.**11) Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible assets are held by the Council which meet this criteria, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. Intangible assets are depreciated using the straight line method over 3 – 7 years.

12) Fair Value (FV) Measurement

The authority measures some of its non-financial assets, e.g. surplus assets and investment properties and certain financial instruments at FV at each reporting date. See the Glossary for the definition of FV. This authority had only 3 investment properties for 2018/19.

The authority is required to measure the FV of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – unobservable inputs for the asset or liability

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

1. ACCOUNTING POLICIES CONT.**a) Finance Leases - Lessee**

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at the lower of its fair value measured at the lease inception and the present value of the minimum lease payments. The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council 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.

Finance lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment which is applied to write down the lease liability, and
- a finance charge which is 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 and where ownership of the asset does not transfer to the Council at the end of the lease period.

b) Operating Leases - Lessee

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.

c) Finance Leases - Lessor

Where the Council 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. The written-off value is appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement, so as to mitigate any impact on Council Tax.

A gain on disposal, representing the Council's net investment in the lease, is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement, matched by a long-term debtor asset in the Balance Sheet. The gain 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.

1. ACCOUNTING POLICIES cont.**13) Leases cont'd**

Finance lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property which is applied to write down the lease debtor including any premiums received, and
- finance income which is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure 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 Usable Capital Receipts Reserve.

The Authority do not currently have any finance leases where they act as the lessor.

d) Operating Leases - Lessor

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement on a straight-line basis over the life of the lease.

14) Property Plant and Equipment (PPE)

Expenditure on the acquisition, creation and enhancement of fixed assets is capitalised in accordance with the accruals concept. The Council's de minimis level for capital expenditure is £10,000.

Expenditure on PPE is capitalised, provided that the fixed asset yields benefit to the Council and the services it provides for a period of more than one year. This excludes expenditure on routine repairs and maintenance on PPE, which does not enhance the asset and is charged direct to service revenue accounts.

14) Property Plant and Equipment (PPE) cont'd

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not have any borrowing costs. 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.

Large assets are divided into their component parts only if the components have materially different useful lives compared to the rest of the asset. This allows depreciation charges for assets to more accurately reflect the consumption of economic benefit which takes place at different rates for each component. The Council has considered the componentisation of all significant assets and has started to bring this into effect.

The Council has only been able to componentise assets where the valuation information of each component was supplied to them already, or the components have since been replaced subsequent to the componentisation rules coming into effect.

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

- Plant, Vehicles, Furniture and Equipment assets, Infrastructure assets and Community assets: Depreciated Historic Cost
- Other (operational) land and buildings: Current Value, determined as the amount that would be paid for the asset in its Existing Use (EUV).
- Surplus Assets: Fair Value = highest and best use.
- Components of buildings: Depreciated Historic Cost

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of Current Value. Where non-property assets (Plant, Vehicles, Furniture and Equipment assets) that have short useful lives or low values (or, both) depreciated historical cost basis is used as a proxy for Current Value.

1. ACCOUNTING POLICIES cont.**14) Property Plant and Equipment (PPE) cont'd**

Assets included in the Balance Sheet at current or fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their value at the financial year end, but as a minimum every five years. Between quinquennial external valuations views are sought from External Valuers to ensure that the asset values reported in the Statement of Accounts remain materially accurate. 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 as follows:

- 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 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.

15) 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, 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.

16) Impairment

Assets are assessed at each financial 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 as follows:

- 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.

17) Depreciation

Depreciation is provided for on assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- Newly acquired assets are not depreciated in the first year and assets in the course of construction are not depreciated until they are brought into use.
- Where depreciation is provided for, assets are depreciated using the straight line method over the following periods:

- Buildings (where appropriate)	5 - 60 years
- Infrastructure	5 - 30 years
- Vehicles, Plant & Equipment	3 - 10 years
- Land, including car parks	Not depreciated

18) Disposals of Plant, Property and Equipment.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet 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 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.

All amounts for disposal of assets currently recognised on the balance sheet are categorised as capital receipts. Amounts for other asset disposals in excess of £10,000 are also categorised as capital receipts.

19) Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council 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 Council. 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.

20) Contingent Assets

A contingent asset arises where an event had taken place that gives the Council 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 Council.

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.

21) Reserves

The Council has the power to keep reserves for certain purposes by setting aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure is incurred that is to be financed from a reserve, it is charged to the appropriate service in that year to be included as expenditure in 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 there is no charge against the General Fund for the expenditure incurred.

Separate earmarked reserves are held by the Council.

Certain reserves are kept by the Council to manage the accounting processes for non-current assets (e.g. Revaluation Reserve and Capital Adjustment Account), retirement benefits (e.g. Pensions Reserve) and employee benefits (e.g. Accumulated Absences Account) and do not represent usable resources for the Council.

22) Impairment Loss of Trade Receivables

IFRS 9 requires the authority to recognise the impairment of Trade Receivables (Debtors) held at amortised cost on the amount of Lifetime Expected Credit Losses using the simplified approach. Impairment losses are calculated to reflect the expectation that there is a likelihood arising based on past events experience that cash received will be lower than the carrying amount for receivables.

Known uncollectable debts have been written off. Allowances are typically estimated on a percentage basis, with the older the outstanding debt the higher the percentage of the debt that is provided for. All allowances are reviewed and recalculated at the end of the accounting period. Allowances are generally netted off against short term debtors on the Balance Sheet.

24) 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.

25) Provisions for Appeals against the rateable value of Business Properties

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. The new arrangements for the retention of business rates came into effect on 1 April 2013. Billing authorities act as agents on behalf of the major preceptors, central government and themselves and are required to make provisions for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list. This will include amounts relating to non-domestic rates charged to businesses in 2012-2013 and earlier financial years.

The Council has established a provision in the accounts for an appeal if it meets the following criteria:

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

The amount recognised as a provision is the best estimate at the Balance Sheet Date of the expenditure required to settle the present obligation taking risks and uncertainties into account.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

Under The Code of Practice on Local Authority Accounting disclosure of the impact of accounting standards issued but not yet adopted is required. The new standards that would require additional disclosures in the 2018/19 financial statements are as follows:

- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014 - 2016 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

It is not anticipated that these changes will be relevant to the Council

IFRS 16 Leases - This standard has been issued. Application is required for accounting periods beginning on or after 1 January 2020, but not yet adopted by the code: early adoption is not permitted. The Council is continuing to assess the potential impact on application of the standard. The implications are therefore not yet known and are therefore not quantifiable.

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 only critical judgement made in the Statement of Accounts is in relation to the 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.

Government has not pre-announced any future financial settlement for 20/21 and beyond, nor given any indication of future resource levels for local government via a Spending Review. This coupled with an overhaul of the business rate retention scheme for funding and a review of funding allocations via the fair funding and the resources and needs review means the levels of support from Government, in terms of funding, are very uncertain. The Council is in a good position to address this uncertainty via its sound financial management and planning, alongside prudent levels of reserves needed in times of uncertainty. The Council will be monitoring all announcements by Government with respect to its proposals and ensuring that the Council reply to all consultations to ensure the interests of the Council and our residents are strongly represented.

There is further uncertainty over the date of departure for the UK from the European Union but the Council will be monitoring all developments during the year to ensure any potential financial impacts on the Council are anticipated.

4. ASSUMPTIONS ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or events 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 2019 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ From Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependant on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate provides the uncertainty that the Council may not be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of the property, plant and equipment assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge would increase by £0.094 million if the useful lives of the Council's buildings were reduced by 1 year.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries, Barnett Waddingham, is engaged to provide expert advice regarding the assumptions applied in calculating the Council's net pension liability.	The effect on the net pension liability of changes in individual assumptions can be measured. For instance: A 0.1% increase in the discount rate assumption at 31 March 2019 would result in an increase in the Gross pension obligation, increasing this to £75.123 million. - a 1 year addition to the life expectancy assumption at 31 March 2019 would result in an increase in the Gross pension obligation, increasing this to £79.401 million.
Bad Debt Provisions	At 31 March 2019, the Council has included in it's accounts a provision for the impairment of doubtful debts of £0.844 million. However, in the current economic climate this allowance may not be sufficient.	If collection rates were to deteriorate, an increase in the impairment for doubtful debts of 10% would require the Council to set aside an additional £0.149 million as an allowance.
NDR Appeals Provision	At 31 March 2019, the Council has included in it's accounts a provision for appeals on NNDR rates of £1.027 million. However, appeals vary hugely in size and therefore this may not be sufficient.	If the predicted success rate was to alter by just 1%, an additional £0.073 million would be required.

5. MATERIAL ITEMS OF INCOME OR EXPENSE

No other material items of income or expense have occurred that are not already disclosed on the face of the CIES.

6. EVENTS AFTER THE BALANCE SHEET DATE

On 27 June 2019, the Supreme Court refused the Government permission to appeal the McCloud case in respect of age discrimination and pension protection. Barnett Waddingham have calculated a potential balance sheet effect with respect to the Maldon District Council to be 0.7% of total liabilities. As such a contingent liability exists as at 31 March 2019. Based on the year-end liability position of the Fund, the increase in estimated total value of the Fund's promised retirement benefits as at 31 March 2019 would be approximately £0.547million. There have been no other events occurring after the reporting date that would have a material impact on these

7. TRANSFERS (TO)/FROM EARMARKED RESERVES

Separate earmarked reserves are held by the Council.

- Transformation Reserve: To provide funds to meet the one-off investment costs of efficiency savings or service reductions to be realised in future years. Also to enable the upfront costs of potential income generating projects.
- Community Grants : The Council previously had schemes for awarding grants. The time limits on these grants exceed the financial year in which the budget provision was made, necessitating a reserve to cover the outstanding liabilities.
- Community Sports Network: A grant was received from the Government in 2011/12 to support sports networks; this is being utilised year by year as necessary.
- Heritage Projects: The Council gives grants in support of environmental initiatives and historic buildings. The time limits for payment of these grants exceed the financial year in which budget provision is made, necessitating a reserve to be set aside to cover the outstanding liabilities.
- Insurance: The Council maintains external insurance policies to cover major risks. In many cases the policies have excess clauses that require the Council to meet the first part of each claim. The Council has established this reserve to cover its liabilities under policy excesses and finance any claims for small risks not insured externally.
- Repairs & Renewals Fund: To provide funds to support additional revenue / capital costs arising from the need to maintain the Council's asset base.
- Revenue Commitments: This reserve exists to smooth out the timing differences between monies being earmarked to fund expenditure from the annual revenue budget and the expenditure actually occurring.
- Community Infrastructure Levy (CIL) and Local Development Plan (LDP) review: Following the adoption of the Local Development Plan, this reserve will now fund the work to enable implementation of the CIL, and also to meet the regulations to ensure that the LDP is reviewed regularly.
- Land Charges: Government Grant received and has been put aside to support the cost of resolving the legal dispute concerning refunds of local search fees.
- Preventing Repossessions: A grant was received from the Government in 2011/12. This funding has been set aside to support future work to be undertaken as part of the Council's Strategic Homeless strategy.
- Localisation of Council Tax and Business Rates: The new business rate funding and council tax localisation regime provides significant risk to the Council, especially in the first few years whilst funding cuts are experienced. This reserve has been set up to mitigate the impact of these changes.
- Business Continuity: To provide funding for emergency requirements such as salt, sand bags or other business continuity requirements as they arise.
- Sports Development: Reserve set aside to fund Sports Development activities.
- Community Safety: Reserve set aside to fund Community Safety activities.
- Economic Development: Reserve set aside to support economic development activities in the District.
- Electoral Registration: Reserve set aside to support Electoral works.
- LSIP Capacity: Reserve set aside to support Large Scale Infrastructure Projects.
- Neighbourhood Plan Applications: Funding to be utilised in supporting the preparation of neighbourhood plans.
- Waste Contract Implementation: Contributions towards the procurement and mobilisation of the new waste contract.
- Custom and Self Build Grant: Reserve to support the resource required to maintain and develop the self build and custom housebuilding register
- Brownfield Grant: New Burdens funding relating to dealing with development orders for housing development on brownfield land
- Community Housing Fund Grant: Reserve to support Community-led housing delivery. Objective is to help deliver affordable housing aimed at first time buyers in response to the problem second homes can cause in reducing supply.
- FDO External Funding from Plume: Specific external funding towards the post of Football Development Officer
- Homeless reduction Act Grant: Reserve set up to use three years of grant funding for Homelessness Reduction Officer.
- Pensions Reserve: To provide a reserve to enable the Authority to forward fund the pension deficit for 3 years in 2020.
- Business Rates Equalisation Reserve: This reserve is to counter the timing differences see in Business Rates funding.

7. TRANSFERS (TO)/FROM EARMARKED RESERVES cont.

The following table details the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from the earmarked reserve to meet General Fund expenditure in 2018/19

	Balance 31-Mar-17 £000's	Transfers Out 2017/18 £000's	Transfers (In) 2017/18 £000's	Balance 31-Mar-18 £000's	Transfers Out 2018/19	Transfers (In) 2018/19 £000's	Balance 31-Mar-19 £000's
Transformation	(765)	-	(948)	(1,713)	961	-	(752)
Community grants	(1)	-	-	(1)	-	-	(1)
Community Sports Network	(9)	1	-	(8)	-	-	(8)
Heritage projects	(8)	-	-	(8)	-	-	(8)
Insurance liability	(60)	-	-	(60)	8	-	(52)
Repairs & renewals fund	(225)	-	-	(225)	39	(17)	(203)
Revenue commitments	(300)	166	-	(134)	126	(319)	(327)
Community Infrastructure levy and LDP review	(406)	171	-	(235)	9	-	(226)
Land Charges	(6)	6	-	-	-	-	-
Preventing Repossessions	(32)	32	-	-	-	-	-
Localisation of CT & NDR	(369)	369	-	-	-	-	-
Business Continuity	(10)	-	-	(10)	-	-	(10)
Sports Development	(13)	-	-	(13)	7	(6)	(12)
Community Safety	(92)	11	-	(81)	8	(3)	(76)
Economic Development	(47)	-	(44)	(91)	70	(5)	(26)
Electoral Registration	(20)	-	-	(20)	-	(10)	(30)
Neighbourhood Plan Applications	(17)	-	(12)	(29)	-	-	(29)
Waste Contract Implementation	(44)	19	-	(25)	10	-	(15)
Custom & Self Build Grant	(21)	21	-	-	-	-	-
FDO external funding from Plume	(2)	-	(1)	(3)	2	-	(1)
Brown Field grant	(15)	15	-	-	-	-	-
Homeless reduction Act Grant	-	-	(30)	(30)	12	-	(18)
Business Rates equalisation	-	-	(533)	(533)	-	-	(533)
Pensions Reserve	-	-	(116)	(116)	-	-	(116)
Community Housing Fund Grant	(191)	35	-	(156)	40	-	(116)
Total Specific Reserves	(2,653)	846	(1,684)	(3,491)	1,292	(360)	(2,559)
General Fund balance	(4,339)	1,112	-	(3,227)	-	(1,542)	(4,769)
Total Revenue Reserves	(6,992)	1,958	(1,684)	(6,718)	1,292	(1,902)	(7,328)

8. PROPERTY PLANT AND EQUIPMENT VALUATION

All freehold and leasehold properties which comprise the Council's property portfolio were valued as at 31 December 2018 by an external independent valuer - Valuation Office Agency in accordance with the RICS Appraisal and Valuation Manual as published by the Royal Institution of Chartered Surveyors.

A statement of reassurance has been provided by the Valuation Office that there will have been no material change in values between the 31 December 2018 and 31 March 2019 so no further revaluations are required.

The value of plant and machinery that is integral to a building is included in the valuation of the building. Properties regarded by the Council as operational are valued on the basis of open market value for the existing use or, where this could not be assessed because there is no market for the subject asset, the depreciated replacement cost. Properties regarded by the Council as non-operational have been valued on the basis Fair Value (open market value). Community assets are assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. These are valued at historic cost.

9. PROPERTY, PLANT AND EQUIPMENT

<u>Movements in 2018/19</u>	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Tangible Assets
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2018	28,681	6,318	7,017	624	16	42,656
Additions	-	59	153	-	-	212
Disposals	-	(16)	-	-	-	(16)
Revaluation Reserves	490	-	-	-	-	490
Revaluation CIES	338	-	-	-	-	338
At 31 March 2019	29,509	6,361	7,170	624	16	43,680
Depreciation and impairments						
At 1 April 2018	(71)	(3,861)	(4,113)	-	-	(8,045)
Depreciation for year	(73)	(477)	(189)	-	-	(739)
Depreciation on disposals	-	6	-	-	-	6
At 31 March 2019	(144)	(4,332)	(4,302)	-	-	(8,778)
Net Book Value at 31 March 2019	29,364	2,028	2,868	624	16	34,900
Net Book Value at 31 March 2018	28,610	2,457	2,904	624	16	34,613

9. PROPERTY, PLANT AND EQUIPMENT

<u>Movements in 2017/18</u>	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Tangible Assets
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2017	27,421	5,997	6,868	624	18	40,928
Additions	43	322	155	-	-	520
Reclassifications	-	-	2	-	(2)	-
Revaluations	1,276	-	-	-	-	1,276
Impairments	(60)	-	(7)	-	-	(67)
At 31 March 2018	28,679	6,319	7,018	624	16	42,657
Depreciation and impairments						
At 1 April 2017	(14)	(3,339)	(3,932)	-	-	(7,285)
Depreciation for year	(57)	(522)	(181)	-	-	(759)
At 31 March 2018	(71)	(3,861)	(4,113)	-	-	(8,044)
Net Book Value at 31 March 2018	28,610	2,457	2,904	624	16	34,613
Net Book Value at 31 March 2017	27,407	2,658	2,936	624	18	33,643

10. CAPITAL COMMITMENTS

At 31 March 2019 the Council has the following outstanding contracts for the construction or enhancement of Property, Plant and Equipment.

2017/18		2018/19
£000		£000
98	Prom Park Winter Car Parking	19
39	CCTV upgrades	69
20	Riverside Park Information Boards	11
25	Replacement of Polling Booths	-
1	Prom Park Road Repairs	-
-	Tip Road Resurfacing	80
-	Community Protection New Vehicle	9
18	E-mail replacement upgrade	18
22	Waste Contract purchase of bins	-
1	Heybridge Cemetery Roof	24
-	New Accessible playsite	43
-	Car Park Machines - Prom & Town Centre	111
-	Splash Park Elements	10
-	I.T Future model	444
224		838

11. 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.

2017/18		2018/19
£000		£000
(142)	Rental Income	(150)
3	Direct Operating Expenses	4
(139)	Net Gain	(146)

The Council's ability to realise the values inherent in investment property are restricted by tenants security under the Landlords and Tenant Act 1954 and long lease terms with commercial tenants. The Council also has obligations to maintain the fabric of the buildings along with road ways and drainage on two investment properties.

All investment properties are subject to operating leases and rental income is received as above. The value of a leased investment is determined based on the Fair Value which is reviewed each year.

The following table summarises the fair value of investment properties:

2017/18		2018/19
£000		£000
1,833	Balance at the start of the year	1,997
63	Capital Expenditure	1
101	Gain from fair value adjustments	661
1,997	Balance at the end of the year	2,659

Fair value measurement

The fair value for the commercial properties (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area.

Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

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

Fair values are measured annually at each reporting date. The valuations were carried out by a Senior Surveyor being an RICS Registered Valuer employed by DVS East, Property Specialists for the Public Sector, a commercial arm of the Valuation Office Agency

12. FINANCIAL INSTRUMENTS

Transition to IFRS 9 Financial Instruments

The Council adopted the IFRS 9 Financial instruments accounting standard with effect from 1 April 2018. The main changes include the reclassification and re-measurement of financial assets and the earlier recognition of the impairment of financial assets.

The council has made use of the transitional provisions in IFRS 9 to not restate the prior year's financial statements and disclosures. The adoption of the new standard has had no material impact on the Council and consequently there is no change to the General Fund balance at 1 April 2018.

The Council invests in low volatility net asset value money market funds, which can be withdrawn at anytime, and as such there is no significant difference between fair value and amortised cost. All financial assets and liabilities are therefore carried at amortised cost i.e. the aggregate of the principle sum and accrued interest. The valuation basis adopted in Where an instrument will mature within the next 12 months the carrying amount is assumed to be approximate to fair value;

For all other financial assets and liabilities the carrying amount is considered to be an appropriate measure of fair value.

Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to 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 councils non-derivative financial liabilities held during the year are measured at amortised cost and comprised:

- trade payables for goods and services received
- finance leases

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash or equity and other instruments or a contractual right to receive cash or another financial asset or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are held under the following two classifications.

Loans and receivables (financial assets that have fixed or determinable payments and are not quoted in an active market) comprising:

- cash in hand
- bank current and deposit accounts with NatWest bank
- fixed term deposits with banks
- trade receivables for goods and services delivered

Fair value through profit and loss (all other financial assets) comprising

- money market funds managed by fund managers
- certificates of deposit and covered bonds issued by banks and building societies
- pooled property funds managed by CCLA fund managers

Financial assets held at amortised cost are shown net of a loss allowance reflecting the likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council

Categories of Financial Instruments

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

Investments , Cash and Cash Equivalents

Financial Assets at Amortised Cost

Available for sale Financial Assets

Total Investments**Debtors**

Financial Assets at Amortised Cost

Loans and Receivables

Total Debtors**Creditors**

Financial Liabilities at Amortised Cost

Total Creditors

Non-Current		Current	
31 March	31 March	31 March	31 March
2019	2018	2019	2018
£000	£000	£000	£000
4,940	4,932	7,877	6,823
-	-	2,000	1,000
4,940	4,932	9,877	7,823
-	-	357	1,352
277	226	-	-
277	226	357	1,352
905	1,131	2,428	1,726
905	1,131	2,428	1,726

In the light of the adoption of IFRS 9, the council continues to review its classification of creditors and debtors as trade payables and receivables. Prior year comparatives have not been restated as IFRS 9 is effective from 1 April 2018.

12. FINANCIAL INSTRUMENTS cont.**Offsetting Financial Assets and Liabilities**

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to set off and it intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The council had no other financial assets or liabilities subject to an enforceable master netting arrangement or similar agreement.

(b) Financial Instruments - Gains & Losses

The income & expenditure recognised in the surplus or deficit on the provision of services in relation to financial instruments consists of the following items:

2017/18		2018/19	
Financial Liabilities Measured at Amortised Cost	Financial Assets Loans and Receivables	Financial Liabilities Measured at Amortised Cost	Financial Assets Measured at Amortised Cost
£000	£000	£000	£000
(6)	-	-	-
-	237	-	296
(6)	237	0	296
Interest Expense		Interest Income	
Net Gain / (Loss) for the year		Net Gain / (Loss) for the year	

(C) Financial Instruments - Fair Values and Carry Amounts

Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2019, using the following methods and assumptions:

- The fair value of long term loans and investments would have been discounted at the market rates for similar instruments with similar remaining terms to maturity.
- No early repayment or impairment is recognised for any financial instrument.
- Where an instrument will mature in the next 12 months, the carry amount is assumed to be fair value.
- Finance lease liabilities are measured at their present value discounted using the interest rate implicit within the lease agreement.
- The fair value of short term instruments, including trade payables and receivables is assumed to approximate to the carrying value.

The carry amount and fair values of the Council's Investments are as follows:

2017/18		2018/19	
Carry Amount	Fair Value	Carry Amount	Fair Value
£000	£000	£000	£000
4,932	4,888	4,967	4,938
Long Term Investments		Long Term Investments	
1,000	1,000	2,000	2,000
Available for Sale		Available for Sale	
5,500	5,500	6,205	6,205
Short Term Investments		Short Term Investments	
11,432	11,388	13,172	13,143
Total Financial Assets		Total Financial Assets	

(d) Nature and Extent of Risks arising from Financial Instruments

The Council has adopted CIPFA's Code of Practice on Treasury Management and complies with The Prudential Code of Capital Finance for Local Authorities.

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 Government's Investment Guidance to 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 Council's activities in financial instruments expose it to a variety of risks:

- Credit Risk: The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to 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.

The Council's overall risk management procedures focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on resources available to fund services. Risk Management is carried out by the exchequer team under the direction of the Director of Resources

12. FINANCIAL INSTRUMENTS cont.**Credit Risk : Investments**

The Council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long term credit rating of A-, UK government, other Local authorities and organisations without credit ratings upon which the Council has received independent investment advice

The table below summarises the nominal value of the Council's investment portfolio at the end of each financial year:

Credit Rating*	Short Term	Long Term	Investments	Short Term	Long Term	Credit Rating*
	Balance as at 31-Mar-18 £000	Balance as at 31-Mar-18 £000		Balance as at 31-Mar-19 £000	Balance Invested as at 31-Mar-19 £000	
			Money Market Funds			
Unrated	-	2,911	Local Authorities Property Fund	-	2,987	Unrated
Unrated	-	1,977	Investec Diversified Inc Fund	-	1,951	Unrated
AA-	1,500	-	GSAM	-	-	AA-
AA	-	-	Deutsche	1,200	-	AA-
A+	2,000	-	Federated	3,005	-	A+
			Banks			
A	-	-	Lloyds / Bank of Scotland	-	-	A
A	2,000	-	Barclays	2,000	-	A
	5,500	4,888	Total Banks	6,205	4,940	
Credit Rating*	Short Term	Long Term	Available for Sale	Short Term	Long Term	Credit Rating*
	Balance as at 31-Mar-18 £000	Balance as at 31-Mar-18 £000		Balance as at 31-Mar-19 £000	Balance Invested as at 31-Mar-19 £000	
			Certificates of Deposit			
A+	1,000	-	Rabobank	-	-	
	-	-	Nordea	2,000	-	AA-
	1,000	-	Total Banks	2,000	-	

For Deposits held as cash and cash equivalents please refer to note 15.

A limit of £2m is placed on the amount of money that can be invested with a single counterparty (other than the UK government or Money Market Funds) The Council also sets limits on investments in certain sectors. No more than £5m in total can be invested for a period longer than one year.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £7m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2019 that this was likely to crystallise.

The table below summarises the credit risk exposure of the council's investment portfolio by credit rating.

Credit Rating	Long Term	Short Term	
	31-Mar-19 £000	31-Mar-18 £000	31-Mar-18 £000
AA-	-	-	3,200
AA	-	-	1,500
A+	-	-	3,005
A	-	-	3,000
Unrated pooled Funds	4,940	4,888	2,000
Total Investments	4,940	4,888	8,205

* This reflects the lowest Credit Rating (or equivalent rating) from those provided by Fitch, Moody and S&P.

12. FINANCIAL INSTRUMENTS cont.**Credit Risk : Investments (cont.)**

The Council has no historical experience of counterparty default.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council generally allows 14 days credit for its debtors; £290,851 is past its due date for payment at the 31st March 2019. The past due amount can be analysed as follows:

31-Mar-18		31-Mar-19
£000		£000
364	Less than three months	232
53	Three to twelve months	26
16	More than a year	33
433	Total	291

Liquidity

Liquidity risk is managed by cash flow forecasting of the current financial year, combined with limits on fixed investments for periods of more than a year and an authorised borrowing limit for unforeseen emergencies. Both are specified annually in accordance with the prudential indicator requirements.

The Council does not currently have any borrowing, but should it be needed can access funds from the Public Works Loan Board (PWLb). There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

Market Risk**(1) Interest Rate Risk:**

The Council is exposed to risk in terms of its exposure to investment interest rate movements. Most investments are made for fixed periods and therefore changes in market rates during the investment period can lead to the fair value of an investment being higher or lower than its carrying value. Investment decisions through Treasury Management activity seek to manage this risk as much as possible by taking a view on investment interest rate trends. Investment deposits are committed only for short term thus minimising this risk.

Sensitivity Analysis

If variable interest rates had been 1% higher with all other variables held constant the financial effect would be a decrease in the deficit on the provision of services in the CIES of £62K.

If there was a decrease in variable interest rates from 0.724% to 0% there would be an increase in the deficit on the provision of services in the CIES of £45K.

(2) Price risk:

The Council does not invest in equity shares or gilts 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).

(3) Foreign exchange risk

The Council has no financial asset or liabilities denominated in a foreign currency. It therefore has no exposure to loss arising as a result of adverse movements in exchange rates.

13 DEBTORS**(a) DEBTORS**

31-Mar-18		31-Mar-19
£000		£000
2,038	Trade Debtors	1,476
1,132	Other Debtors	731
3,170	Total	2,207

(b) DEBTORS FOR LOCAL TAXATION

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed

31-Mar-18		31-Mar-19
£000		£000
185	Less than three months	245
0	Three to six months	0
0	Six months to one year	0
135	More than one year	129
320		374

14. LONG TERM DEBTORS

	Balance	New	To Short	Balance
	31-Mar-18	Advances	Term	31-Mar-19
	£000	£000	Debtors	£000
Loans issued	63	-	(13)	50
Charges against Property	163	64	-	227
	226	64	(13)	277

15. CASH AND CASH EQUIVALENTS

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

31-Mar-18		31-Mar-19
£000	Cash held by the Council	£000
1,316	Bank Current Accounts	1,668
4	Cash in Hand	4
5,503	Short term deposits	6,205
6,823	Total Cash and Cash Equivalents	7,877

16. CREDITORS

31-Mar-18		31-Mar-19
£000		£000
2,879	Trade Payables	2,833
1,399	Other Payables	2,189
4,278	Total	5,022

17. (a) USABLE RESERVES

See Movement in Reserves Statement Pages 17 to 19 inclusive

17. (b) UNUSABLE RESERVES

Opening and closing balances for all the Unusable Reserves detailed below are disclosed on the face of the Balance Sheet while full movements for the year are detailed in the Movement In Reserves Statement

31-Mar-18 £000	31-Mar-19 £000
25 Revaluation Reserve	33
(187) Capital Adjustment Account	(1,070)
19 Deferred Capital Receipts Account	-
182 Pensions Reserve	2,521
(336) Collection Fund Adjustment Account	390
(65) Available for Sale Reserve	(6)
- Accumulated Absences Account	(28)
<u>(362) Total Unusable Reserves</u>	<u>1,840</u>

Revaluation Reserve

The revaluation reserve holds individual balances for each asset where an increase in value has occurred. These balances are reduced when the assets are revalued downwards, impaired, used in the provision of services or disposed of and the balance realised. The revaluation reserve only contains gains accumulated since 1 April 2007, the date it was created. Gains before this date are consolidated into the Capital Adjustment Account. This reserve is not available to support spending.

31-Mar-18 £000	31-Mar-19 £000
(12,358) Balance at 1 April	(13,609)
(1,276) Revaluation gain on non current assets	(490)
25 Depreciation of fixed assets	33
<u>(13,609) Balance at 31 March</u>	<u>(14,066)</u>

Capital Adjustment Account

The Capital adjustment account contains the difference between amounts provided for depreciation and impairment of assets and the capital expenditure financed from capital receipts. It also contains revaluation gains accumulated prior to 1 April 2007, the date the revaluation reserve was created. The Capital Adjustment Account is not available to support spending.

31-Mar-18 £000	31-Mar-19 £000
(21,920) Balance at 1 April	(22,107)
38 Amortisation of intangible fixed assets	36
735 Depreciation of fixed assets	706
142 Loss on revaluation	-
(74) Revaluation gain on non current assets	(338)
(392) Reversal of Capital Grants & Contributions Credited straight to services	(502)
341 Revenue Expenditure Funded From Capital Under Statute	437
(101) Revaluation of Investment Assets	(661)
- Net gain/loss on sale of fixed asset	12
(227) Statutory provision for financing	(226)
(649) Capital receipts applied	(534)
<u>(22,107) Balance at 31 March</u>	<u>(23,177)</u>

Deferred Capital Receipts

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. 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 Usable Capital Receipts Reserve.

31-Mar-18 £000	31-Mar-19 £000
(19) Balance at 1 April	-
Reversal of Capital Grants & Contributions Credited straight to services	-
<u>- Balance at 31 March</u>	<u>-</u>

Pensions Reserve

The Pensions Reserve is an adjustment account that manages the effects of IAS19 charges made to the Comprehensive Income and Expenditure Statement against the statutory requirements for meeting the cost of retirement benefits from local taxes, as well as absorbing the impact of actuarial gains and losses.

31-Mar-18		31-Mar-19
£000		£000
31,833	Balance at 1 April	26,453
(5,562)	Actuarial gains/losses on pension assets/liabilities	(3,448)
-	Revaluation gain on non current assets	9
2,818	Net charges made for retirement benefits in accordance with IAS19	3,453
(2,636)	Employer's contributions payable to the pension fund and retirement benefits payable direct to pensioners	(932)
26,453	Balance at 31 March	25,535

Collection Fund Adjustment Account

Replaces the collection fund surplus balance attributable to this Authority and reflects the adjustment needed to allow accounting requirements to be reconciled to statutory requirements.

31-Mar-18		31-Mar-19
£000		£000
112	Balance at 1 April	(224)
(336)	Transfers to/(from) Collection Fund Adjustment Account	390
(224)	Balance at 31 March	167

Available for Sale Reserve

This account holds the balance of leave/lieu time earned by employees but not taken at 31 March 2019. Accounting arrangements require leave due to employees to be charged to the Comprehensive Income and Expenditure Statement but not the General Fund.

31-Mar-18		31-Mar-19
£000		£000
178	Balance at 1 April	113
(65)	Transfers to/(from) Available for Sale Reserve	(6)
113	Balance at 31 March	106

Accumulated Absences Account

Changes in the Fair Value of Available for Sale Assets are balanced by a entry in the Available for Sale Reserve.

31-Mar-18		31-Mar-19
£000		£000
79	Balance at 1 April	79
(79)	Employee Benefits Accrued (prior year adjustment)	(79)
79	Employee Benefits Accrued (current year adjustment)	51
79	Balance at 31 March	51

18. MEMBERS' ALLOWANCES

The total attendance allowances paid to Members were as follows:

2017/18		2018/19
£000		£000
219	Basic Allowance	220
14	Other Allowance	9
16	Expenses	12
249	Total	241

19. REMUNERATION OF SENIOR STAFF

The following table shows the remuneration for the Council's senior officers

2018/19	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
Job Title	£000	£000	£000
Chief Executive	78	6	84
Director of Customers & Community	80	12	92
Director of Planning & Reg Servs	80	12	92
Director of Resources	81	12	93

The salary of the Chief Executive includes a sum for redundancy.

2017/18	Name	Total Remuneration excluding Pension Contributions	Pension Contributions	Total Remuneration including Pension Contributions
Job Title		£000	£000	£000
Chief Executive		106	17	123
Director of Customers & Community		78	12	90
Director of Planning & Reg Servs (from 02/01/08)		19	3	22
Director of Resources (from 06/04/2017)		72	11	83

The post of Director of Planning and Regulatory Services was covered with Interim Consultant arrangements until 30 June 2017.

For this purpose 'remuneration' means all amounts paid to or receivable by an employee and includes employer pension contributions, sums due by way of expenses allowance (so far as those sums are chargeable to UK income tax) and the estimated money value of any other benefits received by an employee other than in cash.

The number of employees - other than senior officers shown in the table above - whose remuneration was in excess of £50,000 was as follows :

2017/18		2018/19
1	£50,000 - £54,999	2
1	£55,000 - £59,999	1
4	£60,000 - £64,999	1
-	£65,000 - £69,999	2
6		6

For this purpose 'remuneration' means all amounts paid to or receivable by an employee excluding employer pension contributions and including sums due by way of expenses allowance (so far as those sums are chargeable to UK income tax) and the estimated money value of any other benefits received by an employee other than in cash. Part time or temporary posts would be included at annualised cost.

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

(a) Exit Package costs band (including special payments)	(b) Number of compulsory redundancies		(c) Number of other departures agreed		(d) Total number of exit packages by cost band ((b + c))		(e) Total cost of exit packages in each band	
	2017 /18	2018/19	2017 /18	2018/19	2017 /18	2018/19	2017 /18	2018/19
£0 - £20,000	1	13		1		14	2,618	136,202
£20,001 - £40,000		3				3		94,459
Total cost included in bandings and in the CIES							2,618	230,661

* The total cost of £230,661 in the table above includes £28,916 for exit packages that have been charged to the authority's Comprehensive Income and Expenditure Statement in the current year.

20. TERMINATION BENEFITS

Termination benefits are amounts payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

£390,595 was paid out in termination benefits in 2018/19 in respect of 17 employees. (£2,618 in 2017/18 in respect of 1 employee).

21. AUDIT AND INSPECTION COSTS

The Council incurred the following fees relating to external audit and inspection work. The appointed auditors were Deloitte LLP (Ernst & Young (EY) LLP in 2017/18)

2017/18		2018/19
£000		£000
	Fees payable to Deloitte LLP (EY LLP in 2017/18)	
52	with regard to external audit services carried out for the year	48
13	Fees payable to (EY LLP in 2017/18) for the certification of Grant claims and returns for the year	0
	Fees payable in respect of other services	4
65	Total	52

22. GRANT INCOME

The Council credited the following Capital grants and contributions to the Comprehensive Income and Expenditure Statement - Taxation and Non Specific Grant Income:

It also credited the following Revenue grants and contributions to the Comprehensive Income and Expenditure Statement - Cost of Services:

2017/18	Revenue Grants Credited to Services	2018/19
£000		£000
93	NDR Admin Grant	91
58	Council Tax Admin Grant	56
27	Council Tax Benefit / LCTS Transition	-
145	Housing Benefit Admin Grant	134
14,123	Housing Benefits	13,762
11	Welfare Reform Changes	-
8	Transparency New Burdens	-
42	DCLG New Burdens Grant	-
11	Fraud & Error Reduction Incentive Scheme	-
20	Neighbourhood Plan Pilot Income	-
46	DCLG Homelessness Grant	52
1	Coastal Communities Grant	-
13	Electoral Registration / IER	11
14,598	Total	14,106

23. RELATED PARTY TRANSACTIONS

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or be controlled or influenced by the Council. The most significant related party transactions with these bodies are disclosed in the precepting bodies in the Collection Fund. Details of financial transactions with these bodies are disclosed in the Comprehensive Income and Expenditure Statement and associated notes.

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2018/19 is shown in Note 18.

In 2013/14 the Council advanced a 10 year loan, totalling £100,000 to Stow Maries Great War Aerodrome Ltd, of which Cllr. A Fluker is a Trustee. £50,000 was outstanding and shown in the balance sheet as at 31/3/19.

Senior Offices with budgetary control had interests in the following companies where we had financial transactions in the year.

Fiona Marshall - shareholder in a local boat yard from whom we received £6,180 foreshore rent in 2018/19.

Shirley Hall - D Hall Electrical (owned by officers son) expenditure in 2018/19 of £6,072

A Register of Members Interests is held by the Council; in this document members set out details of their interests, as required by the Localism Act 2011 and also by the Council's Code of Conduct.

This information is published on the Council's website (www.maldon.gov.uk), using the search term 'Register of Interests'.

24. CAPITAL EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2019

	Vehicles, Plant & Equipment	Intangible Assets (Software Licences)	Land and Buildings	Infra- structure	Revenue Funded from Capital Under Statute	Renovation Loans	Total
	£000	£000	£000	£000	£000	£000	£000
Operational Assets							
Prom Park entrance Refurbishment				1			1
New Accessible Playsite				5			5
Car Park Machines Prom & Maldon	4						4
Town Centre							
Waste Contract Purchase of Bins	22						22
PC & Printer Replacement Programme	14						14
I.T Network		4					4
I.T Contact Centre		160					160
I.T Digital Platform		9					9
I.T Windows 10		104					104
I.T Upgrades and API's		11					11
I.T Email replacement project		(9)					(9)
Coastal Trail		5		61			66
Heybridge Cemetery Chapel roof				3			3
Riverside Park Footpaths				1			1
New Car Parks signage (Town & Prom)	4						4
Replacement polling booths	7						7
Riverside Pk Information boards	9						9
Prom Park Road Repairs				3			3
All Weather Prom Car Parking Improvements				79			79
Minor Repair					1		1
Investment Properties							
99 Wood Road			1				1
Total for Y/E 31 March 19	60	284	1	153	1	0	496
Total for Y/E 31 March 18	322	54	105	155	373	12	1,021

25. FINANCING OF CAPITAL EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2019

The above expenditure was financed in the following ways:

2017/18			2018/19		
Capital £000	REFCUS £000	Total £000	Capital £000	REFCUS £000	Total £000
573	-	573	400	-	400
53	373	426	66	437	503
22	-	22	2	-	2
648	373	1,021	468	437	905

Usable capital receipts applied
Government grants
Other grants and contributions

Capital Financing Requirement (CFR):

2017/18 £000		2018/19 £000
-	Opening CFR	-
1,021	Capital Investments	496
(1,021)	Capital Financing	(905)
-	Closing CFR	(409)

26. LEASES.**OPERATING LEASES****The Council as a Lessor**

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

- for economic development purposes to provide suitable affordable accommodation for local businesses
- for the provision of community services such as river leases.

Income the Council is expecting to receive from minimum lease rental payments is analysed as:

31-Mar-18 £000		31-Mar-19 £000
420	Not later than one year	404
1,392	Later than one, and not later than five years	1,390
11,216	Later than five years	10,911
13,028	Total	12,705

FINANCE LEASES**The Council as a Lessee**

The Council effectively "leases" Refuse vehicles indirectly through its contract with Suez as they use their vehicles solely on the Council's behalf. These are known as "embedded leases".

The assets acquired under these leases are carried as property, plant and equipment in the Balance Sheet at the following net amounts.

31-Mar-18 £000		31-Mar-19 £000
1,358	Embedded Leases	1,130
1,358		1,130

The Council's exposure to these minimum "embedded" lease payments is summarised below:

31-Mar-18 £000		31-Mar-19 £000
226	Current	226
1,131	Non - current	905
18	Finance costs payable in future years	13
1,375	Minimum lease payments	1,144

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31-Mar-18 £000	31-Mar-19 £000	31-Mar-18 £000	31-Mar-19 £000
Not later than one year	231	231	226	226
Later than one year and not later than five years	1,144	914	1,131	905
	1,375	1,145	1,357	1,131

27. DEFINED BENEFIT PENSION SCHEME**Participation in Pension Schemes**

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

The Council participates in the Local Government Pension Scheme, administered by Essex County Council. This is a funded defined benefits final salary/career average scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Transactions Relating to Post-Employment Benefits

The cost of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required against Council Tax is based on the cash contributions payable to the Pension Fund in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

2017/18 £000		2018/19 £000
	Service Cost	
1,976	Current service cost	2,768
17	Past service cost (including curtailments and administration)	968
1,993	Total Service Cost	3,736
	Financing and Investment Income and Expenditure	
825	Net Interest on the Net Pension Liability	665
2,818	Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	4,401
	Remeasurements of the Net Defined Liability Comprising:	
(2,020)	Return on plan assets excluding amounts included in net interest	(2,691)
-	Changes in demographic assumptions	(4,210)
(3,542)	Changes in financial assumptions	3,453
	Other	
(5,562)	Total remeasurements recognised in other comprehensive income	(3,448)
(2,744)	Total Post Employment Benefits Charged to the Comprehensive Income and	953
	Movement in Reserves Statement	
(2,818)	Reversal of net changes made to the surplus or deficit on the provision of services	(4,401)
2,636	Employers' Contributions Payable to the Scheme	932
(182)		(3,469)

Future Employer Contributions will be subject to the triennial review that is currently underway.

27. DEFINED BENEFIT PENSION SCHEME cont.**Pensions Assets and Liabilities Recognised in the Balance Sheet**

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

2017/18	2018/19
£000	£000
(73,025) Present value of funded liabilities	(75,134)
48,068 Fair value of employer assets	50,972
(1,496) Present value of unfunded liabilities	(1,373)
(26,453) Net Liability Arising From Defined Benefit Obligation	(25,535)

Reconciliation of the Movements in Fair Value of Scheme Assets
Transactions Relating to Post-Employment Benefits

2017/18	2018/19
£000	£000
43,766 Opening fair value of scheme assets	48,059
1,196 Interest income	1,213
Remeasurement gain	
2,020 Return on plan assets excluding amounts included in net interest	2,691
Other actuarial gains/(losses)	
(17) Administration expenses	(20)
2,636 Contributions from employer	932
347 Contributions from employees into the scheme	337
(1,884) Benefits paid	(2,240)
48,064 Closing Fair Value of Scheme Assets	50,972

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

2017/18	2018/19
£000	£000
75,602 Opening fair value of scheme liabilities	74,521
1,976 Current service cost	1,820
2,021 Interest cost	1,878
347 Contributions from scheme participants	337
Remeasurement gain	
Changes in demographic assumptions	(4,210)
(3,542) Changes in financial assumptions	3,453
(113) Other	(115)
Past service cost	948
(1,771) Benefits paid	(2,125)
74,520 Closing Fair Value of Scheme Liabilities	76,507

Defined Benefit Pension Scheme Risks

In general, participating in a defined benefit pension scheme means that the Council is exposed to a number of risks:

- Investment risk: the Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest rate risk: the Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.
- Inflation risk: all of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.
- Longevity risk: on the event that the members live longer than assumed a deficit will emerge on the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Essex Pension Fund, there is an orphan liability risk where employers leave the Fund with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the above may also benefit the Council e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

27. DEFINED BENEFIT PENSION SCHEME cont.**Basis for Estimating Assets and Liabilities**

Liabilities have been assessed on an actuarial basis 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. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham LLP, an independent firm of actuaries, estimates for the Essex County Council Fund being based on the latest valuation of the scheme.

The principal assumptions used by the actuary have been:

2017/18	Assumptions	2018/19
Long term expected rate of return on assets in the scheme:		
Longevity at 65 for current pensioners:		
22.2 Years	Men	21.3 Years
24.7 Years	Women	23.6 Years
Longevity at 65 for future pensioners:		
24.4 Years	Men	22.9 Years
27.0 Years	Women	25.4 Years
Financial assumptions:		
3.3%	RPI increases	3.4%
2.3%	CPI increases	2.4%
3.8%	Rate of increase in salaries	3.9%
2.3%	Rate of increase in pensions	2.4%
2.6%	Rate for discounting scheme liabilities	2.4%

The Discretionary Benefits arrangements have no assets to cover its liabilities.

The Scheme's assets consist of the following categories, by proportion of the total assets held:

2017/18			2018/19	
£000	%		£000	%
31,366	65	Equities	31,735	62
3,197	7	Gilts	2,705	5
1,785	4	Other Bonds	2,979	6
4,559	9	Property	4,532	9
1,653	4	Cash	1,342	3
3,550	7	Alternative Assets	4,970	10
1,949	4	Other	2,709	5
48,059	100	Total	50,972	100

Based on the above, Maldon District Council's share of the assets of the total Essex Pension Fund is approximately 1%.

Sensitivity Analysis: present value of total obligation

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant.

The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

2017/18			Adjustment to:	2018/19		
£000	£000	£000		£000	£000	£000
+0.1%	0.0%	-0.1%	discount rate	+0.1%	0.0%	-0.1%
73,174	74,521	75,893		74,586	75,960	77,361
+0.1%	0.0%	-0.1%	long term salary increase	+0.1%	0.0%	-0.1%
74,668	74,521	74,375		76,115	75,960	75,806
+0.1%	0.0%	-0.1%	pension increases & deferred revaluation	+0.1%	0.0%	-0.1%
75,749	74,521	73,316		77,205	75,960	74,738
+1 Year	None	-1 Year	mortality age rating assumption	+1 Year	None	-1 Year
77,346	74,521	71,802		78,835	75,960	73,192

28. CONTINGENT LIABILITIES**Planning Appeals (Award of Costs)**

As a local planning authority, decisions are made in relation to planning applications; there is a process in place which enables appeals to be made against these decisions. Historically some of the appeals that have been lodged have been upheld and have resulted in costs being awarded against the Council. A provision has been made, below, in relation to appeals that have been upheld and where there is an expectation of costs being awarded against the Council. Where an appeal decision has not yet been made there is also potential that the Council may incur future costs, however at this stage it remains improbable and is not quantifiable.

29. PROVISIONS

	2017/18	Additional Provisions made	Amounts Utilised in 2018/19	Unused amounts reversed	2018/19
	£000	£000	£000	£000	£000
Short Term: < 1 year					
Planning Appeals	74	0	(7)	(13)	54
Business Rate Appeals	577	640	(189)	0	1,027
Total Short Term	651	640	(196)	(13)	1,082
Long Term: > 1 year					
Insurance	100	-	-	-	100
Total Long Term	100	-	-	-	100
Total Provisions	751	640	(196)	(13)	1,182

Insurance

This provision is for the coverage of probable insurance claims under the Municipal Mutual Insurance Scheme (MMI) Clawback Scheme of Arrangement. MMI ceased accepting new claims in 1992, however under the scheme of arrangement, the Council are liable for a proportion of costs that aren't covered in full by MMI.

Planning Appeals

See also above, provision is made where there is a probable obligation.

Business Rates Appeals

Provision is made for outstanding rating appeals based on information supplied by the Valuation Office, as well as for appeals which are as yet unlogged.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALDON DISTRICT COUNCIL**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS****Opinion**

In our opinion the financial statements of Maldon District Council ('the Authority'):

- give a true and fair view of the financial position of the Authority as at 31 March 2019 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 2018/19.

We have audited the financial statements which comprise:

- the Comprehensive Income and Expenditure Statement;
- the Balance Sheet;
- the Movement in Reserves Statement;
- the Cash Flow Statement;
- the Collection Fund; and
- the related notes 1 to 29

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 2018/19.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Chief Financial Officer's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Chief Financial Officer is responsible for the other information. The other information comprises the information included in the statement of accounts, other than the financial statements and our

auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Chief Financial Officer's responsibilities

As explained more fully in the Chief Financial Officer's responsibilities statement, the Chief Financial Officer is responsible for: the preparation of 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 2018/19 and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

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

Conclusion

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in December 2019, we are satisfied that, in all significant respects, Maldon District Council

put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

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 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. 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.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in [insert month, year], as to whether Maldon District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Maldon District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Matters on which we are required to report by exception

The Code of Audit Practice requires us to report to you if:

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit;
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014;
- an application has been made to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- an advisory notice has been issued under Section 29 of the Local Audit and Accountability Act 2014; or
- an application for judicial review has been made under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

CERTIFICATE OF COMPLETION OF THE AUDIT

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

USE OF OUR REPORT

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, 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 members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Craig Wisdom (Appointed auditor)
For and on behalf of Deloitte LLP
St Albans, United Kingdom
Date:

GLOSSARY

Accounting Policies

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

- recognising;
- selecting measurement bases for; and
- presenting assets, liabilities, gains, losses and changes to reserves

Accruals Concept

Income and expenditure is recognised where it is earned or incurred, not when money is received or paid.

Accumulated Absences

Holiday entitlements, or any other form of leave such as time off in lieu earned by employees, which has not been taken by the end of the financial year and can be carried forward to the next financial year.

Actuarial Gains and Losses

For a defined benefit pension scheme, actuarial gains and losses are the changes in the actuarial surplus/deficits which arise because either events have not coincided with previous actuarial assumptions or where actuarial assumptions have changed.

Actuary

An expert who advises on the cost of pensions and determines whether the Pension fund is adequate to meet its commitments.

Amortisation

Spreading the cost of an intangible asset over the expected periods of its use and benefit to the Council.

Appropriations

The transfer of resources between revenue/capital accounts and the reserves held by the Council.

Assets Held for Sale

Non-current assets which are no longer required by the Council and are marketed for sale/disposal

Capital Adjustment Account (CAA)

An account which reflects the timing difference between the charges to the CIES account for the use of non-current assets to provide services over a number of years, and actual funds set aside to pay for the original cost of assets.

Capital Expenditure

Expenditure relating to the acquisition or enhancements of property, plant & equipment assets, heritage assets, intangible assets and investment property and certain other items meeting the definition of capital expenditure under statute.

Capital Financing Requirement

This is a measure of the Council's need to borrow funds to pay for capital expenditure.

Capital Receipts

Proceeds from the sale of an asset. Sums received and not yet used for further capital expenditure are held in the Usable Capital Receipts reserve.

Capital Programme

The council's budget for capital expenditure and resources over the current and future years. Income generated from the sale of capital assets and the repayment of grants/loans given for capital purposes. The government prescribes the amount of the receipt which must be set aside to repay debt and the usable amount which may be used for finance capital expenditure.

Cash and Cash Equivalents

Cash available at immediate notice and short-term investments readily convertible to cash without risk to the principal sum.

Collection Fund

A fund administered by the Council recording receipts from Council Tax and Business Rates, and payments to the General Fund and other public authorities, including Central Government.

GLOSSARY CONT.**Commitments**

Budget provision for specific items that are committed or planned for a year where the specific goods or services are not received by 31 March and for which there is no provision in the following year. Such budgets may be formally 'carried forward' to the following year to match the committed or planned expenditure.

Community Assets

Assets that the Council does not plan to sell and which have no definite useful life. Examples of community assets are parks and historic buildings.

Contingent**Assets**

A contingent asset arises where an event has taken place that gives the Council 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 Council. 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.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council 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.

Council Tax

A local tax charged to the occupiers of residential properties used to finance the budget of the Council for the year.

Creditors

Amounts owed by the Council for goods, services and works that have been received by the Council for which no payments have been made by the Council at the Balance Sheet date.

Current Asset

Asset held which will be realised, sold or consumed within the next financial year.

Current Liability

Amounts which will be settled within the next financial year.

Current Service Cost (Pensions)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period

Curtailment

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business; and
- termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits

Debtors

Amounts owed to the Council for goods, services and works that have been provided by the Council for which payments have not been received by the Council at the Balance Sheet date.

Defined Benefit Pension 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).

GLOSSARY CONT.**Depreciation**

The measure of the loss in the value of an asset during the period due to age, wear and tear, deterioration or obsolescence. This charge is spread over the useful life of the asset.

Earmarked Reserves

Amounts set aside for future commitments or potential liabilities.

Effective Interest Rate (EIR)

The rate of interest necessary to discount the expected cash flows on a financial instrument in order to reduce its amortised cost to equal the amount of the original principal invested or borrowed.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

Financial Instruments

These are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The financial instruments held by the Council include borrowings, investments, creditors and debtors.

Finance Lease

A lease which effectively transfers the risk of ownership of a non-current asset from a lessor to a lessee in return for a series of regular payments. Where the Council has obtained non-current assets by finance lease these assets are shown on the Council's balance sheet.

Financial Year

The period of twelve months covered by the accounts, which commences on 1st April.

General Fund

The main revenue fund of the Council, which summarises the cost of all services the Council provides.

Going Concern

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the income and expenditure accounts and Balance Sheet assume no intention to curtail significantly the scale of operations.

Gross Book Value

This represents the original price paid for an asset adjusted for subsequent revaluations, acquisitions, enhancements and disposals.

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.

Impairment

A reduction in the value of a non current asset caused by a specific event occurring to the asset.

Intangible Assets

Assets which do not have a physical substance but are identifiable and are controlled by the Council through custody or legal rights. Examples of such asset are software licences.

Inventory

The amount of unused or unconsumed inventory 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. Inventories comprise the following categories:

- goods or other assets purchased for resale;
- consumable stores;
- raw materials and components purchased for incorporation into products for sale;
- products and services in intermediate stages of completion;
- long-term contract balances; and
- finished goods.

GLOSSARY CONT.**Investment Property**

Property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or sale in the ordinary course of operations.

Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

Business Rates

This is a levy paid by the occupiers of non residential properties within the Council's district. It is charged on the rateable value of each non residential property multiplied by a uniform amount set annually by central government. This levy contributes to the cost of providing local authority services. The NDR income collected is redistributed between Maldon District Council, Central Government, Essex County Council and Essex Fire and Crime Commissioner.

Non Distributed Costs

These are overhead costs which provide no benefits to services and are therefore not distributed to services. These include pensions arising from discretionary added years service.

Net Book Value (NBV)

The Net Book Value of an asset is equivalent to its gross book value, less cumulative depreciation and impairment charges. Assets are included in the Balance Sheet at their net book value.

Precept

This is the amount that local authorities providing services within the Maldon District require to be paid from the Collection fund to meet the net cost of their services. The Council Tax requirement is made up of the sum of all the precepts levied on the Billing Authority. For the Maldon district – precepts are raised by Maldon District Council, Essex County Council, PFCC for Essex Policing and Community Safety, Essex PFCC Fire & Rescue Authority and Town and Parish Councils.

Principal Amount

The original amount of debt or investment on which interest is calculated.

Property, Plant and Equipment (PPE)

Assets held by the Council, which are directly used or occupied by the Council in the delivery of the Council's services. These are tangible assets (e.g. land, buildings, vehicles etc.) which yield benefit to the Council for a period of more than a year.

Provision

Amounts set aside where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Prudential Code

This Code is developed by CIPFA and sets out the system of capital financing and capital controls for local authorities. Prudential limits apply to all borrowing, qualifying credit arrangements and other long-term liabilities – whether supported by government or entirely self-financed. The system is designed to encourage authorities that need, and can afford, to borrow for capital investment to do so. The Code seeks to ensure that local authorities' capital investment plans are affordable, prudent and sustainable; that treasury management decisions are taken in accordance with good professional practice; and that local strategic planning, asset management planning and proper option appraisal are supported.

Revaluation

A technique used to adjust the value of certain classes of Property, Plant and Equipment assets to their fair value.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

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.

Revenue Support Grant (RSG)

Central government provides financial support towards the general expenditure of local authorities. The entitlement of each local authority is determined by a prescribed methodology.

Useful Life

The period over which benefits will be derived from the use of Property, Plant and equipment asset.