Statement of Accounts 2014/15

September 2015

CROYDON
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COMMUNITY LANGUAGES

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Bengali

যদি ইংরাজী ছাড়া অন্য কোনো ভাষায় যোগাযোগ করতে পারেন তবে দয়া করে তাই করবেন। দোভাষী এবং অনুবাদকের (ট্রান্সলেটর) ব্যবস্থা করা যেতে পারে। টেলিফোন করুন 020 8726 6000.

Chinese

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Francais

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Gujarati

અંગ્રેજી સિવાયની બીજી કોઈ એક ભાષામાં તમે આસાનીથી વાતચીત કરતા હો તો એવું કરવા વિનંતી છે. દુભાષિયાની અને ભાષાંતરકારની વ્યવસ્થા તમને પૂરી પાડી શકે છે. આ માટે ટેલિફોન નંબર 020 8726 6000 ઉપયોગ કરો.

Hindi

यदि आपको अंग्रेज़ी के अलावा किसी और भाषा में आसानी से बात कर सकते हैं तो कृपया अनुरोध करें। दोभाषिया और अनुवादक का प्रबन्ध किया जा सकता है। टैलिफोन : 020 8726 6000.

Punjabi

ਜੇਕਰ ਤੁਹਾਨੂੰ ਅੰਗਰੇਜ਼ੀ ਤੋਂ ਇਲਾਵਾ, ਕਿਸੇ ਹੋਰ ਬੋਲੀ ਵਿਚ ਗੱਲ ਕਰਨੀ ਆਸਾਨ ਲਗਦੀ ਹੈ ਤਾਂ ਕ੍ਰਿਪਾ ਕਰਕੇ ਜ਼ਰੂਰ ਕਰੋ। ਦੋ-ਭਾਸ਼ੀਏ ਅਤੇ ਤਰਜਮਾ ਕਰਨ ਵਾਲਿਆਂ ਦਾ ਪ੍ਰਬੰਧ ਕੀਤਾ ਜਾ ਸਕਦਾ ਹੈ। ਟੈਲੀਫੋਨ ਨੰਬਰ ਹੈ: 020 8726 6000.

Somali

Haddii ay kula tahay in si fudud laguugu fahmi karo luqo aan ahayn Ingiriisi, Fadlan samee sidaa. Afceliyeyaal iyo tarjubaano ayaa laguu qaban. Telifoonku waa 020 8726 6000.

Tamil

உங்களுக்கு ஆங்கிலம் தவிர வேறு மொழியில் பேசுவதற்கு எளிதாக இருந்தால், தயவு செய்து பேசவும். மொழி பெயர்ப்பாளர்கள் ஏற்படுத்தப்படுவார்கள்.
தொ. 020 8726 6000.

Turkish

İri yazılmış harfleri okumayı, ses kaseti veya Braille (kör) alfabesi kullanmayı daha kolay buluyorsanız, veya bizimle İngilizceden başka bir dilde iletişim kurmak istiyorsanız bu imkanı sağlayabiliriz. Yazılı ve sözlü tercüman temin edilir. Telefon 020 8726 6000

Urdu

اگر آپ انگریزی کے علاوہ کسی اور زبان میں بات چیت کرنا آسان سمجھتے ہیں تو براہ مہربانی ایسا ہی کیجئے۔ ترجمان اور مترجم کا انتظام کیا جا سکتا ہے۔ ٹیلیفون نمبر
020 8726 6000.

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STATEMENT OF RESPONSIBILITIES

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required:

- ► to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Assistant Chief Executive (Corporate Resources and Section 151 Officer);
- ► to approve the Statement of Accounts.

RESPONSIBILITIES OF THE ASSISTANT CHIEF EXECUTIVE, (CORPORATE RESOURCES AND SECTION 151 OFFICER)

The Assistant Chief Executive, (Corportate Resources and Section 151 Officer) is responsible for the preparation of the Authority Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31 March 2015.

In preparing the Statement of Accounts, the Assistant Chief Executive, (Corporate Resources and Section 151 Officer) has:

- ► selected suitable accounting policies and then applied them consistently;
- ► made judgements and estimates that were reasonable and prudent;
- ► complied with the Code of Practice;
- ► kept proper accounting records which are up to date; and
- ► taken reasonable steps for the prevention and detection of fraud and other irregularities.

LONDON BOROUGH OF CROYDON AND LONDON BOROUGH OF CROYDON PENSION FUND
FINANCIAL ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2015

CERTIFICATE OF THE ASSISTANT CHIEF EXECUTIVE
(CORPORATE RESOURCES AND SECTION 151 OFFICER)

I certify that this Statement of Accounts is an accurate summary of the accounts of the London Borough of Croydon and the London Borough of Croydon Pension Fund, for the financial year 2014/15 prepared in accordance with the accounting policies stated.

Richard Simpson, Assistant Chief Executive
(Corporate Resources and Section 151 Officer)

25 September 2015

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

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

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

Respective responsibilities of the Assistant Chief Executive (Corporate Resources and Section 151 Officer), and auditor

As explained more fully in the Statement of the Responsibilities and the Certificate of the Assistant Chief Executive (Corporate Resources and Section 151 Officer), the Assistant Chief Executive (Corporate Resources and Section 151 Officer) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied thatthey give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Assistant Chief Executive, (Corporate Resources and Section 151 Officer); and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Financial Review of 2014/15 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LONDON BOROUGH OF CROYDON (CONTINUED)

Matters on which we report by exception

We are required to report to you if:

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

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

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

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

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

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

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

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

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

Conclusion

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LONDON BOROUGH OF CROYDON (CONTINUED)

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

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

Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

25 September 2015

FINANCIAL REVIEW OF 2014/15

INTRODUCTION

I am pleased to introduce the Council's Statement of Accounts for 2014/15. This statement summarises the Council's financial performance during 2014/15 showing expenditure on all services during the year and the Council's financial position at 31 March 2015.

PERFORMANCE 2014/15

The Council has met the challenge of reducing grant since 2010 and has faced the fourth successive challenging financial year in the Government's Deficit Reduction Programme. Significant efforts were made early in the financial year to identify potential pressures and bring them under control without bringing in short term measures that could have adverse implications to service users or longer term ambitions. During 2014/15 the Council has experienced an increased demand for Council services, in a climate with low economic growth. The final budget position of the Council for 2014/15 was an over spend of £0.920m - less than 0.5% of the net budget - which is being met by the use of general fund balances. However, several measures have been successfully introduced throughout the year to maximize local economic growth and realign resources to protect front line resources as much as possible whilst ensuring that the Council retain a strong financial management framework and systems.

STATEMENT OF ACCOUNTS

The Statement of Accounts for the year ended 31 March 2015 has been prepared and published in accordance with the Accounts and Audit Regulations 2011 and the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (based on International Financial Reporting Standards).

The accounts comprise the following key statements:

- Movement in Reserves Statement - a statement that summarises the Surplus / Deficit on the Comprehensive Income and Expenditure Statement and the movement on the Balance Sheet;
- The Comprehensive Income and Expenditure Statement - a statement that brings together the income received and the expenditure incurred on all of the Authority's functions;
- Balance Sheet - this shows the Council's overall financial position at the end of the financial year;
- Cash Flow Statement - this shows a summary of the cash inflows and outflows of the Council arising from our transactions with third parties;
- Housing Revenue Account - this shows the revenue and Balance Sheet position for the Authority's own housing stock on the current ring-fenced basis;
- Collection Fund - this statement summarises the collection and application of proceeds from Council Tax and Business Rates and the Crossrail Business Rates Supplement;
- Pension Fund Accounts - this statement presents the separate accounts of the Pension Fund.

There have been some changes to the format of the draft accounts in 2014/15 to improve clarity and remove duplication. Following a review with our external auditor, a number of non-material disclosures will not be continued. The consolidated group accounts have not been prepared, and tables on leasing arrangements and the cash flow statement have also been simplified.

GOING CONCERN

Accounts drawn up under the Code assume that a Local Authority's services will continue to operate for the foreseeable future. The Council's overall over spend of £0.920m was made up of Departmental over spends of £9.424m, offset by non-departmental underspends of £8.504m. A balanced budget has been set for 2015/16. Despite the tough economic climate the Council continues to deliver against its financial targets and will continue to do so in accordance with its medium term financial strategy.

GENERAL FUND OUTTURN 2014/15

Due to the overall over spend at the end of the year, the Council's General Fund balances have reduced from £11.597m to £10.677m. It should be noted that these areas have been given additional growth in the 2015/16 budget to recognise specific areas of pressure. The level of general fund balances as at 31st March 2015 is £10.677m. This represents 3.98% of the net budget requirement against a Medium Term Financial Strategy target of 5%.

Table 1 shows the Council's balances, reserves and provisions at 31 March 2015, compared with the previous two years. The most significant movements were in Earmarked Reserves which reduced from £57.2m in 2013/14 to £29.5m in 2014/15. The decrease relates to the use of the CCURV Affordability reserve. This was created to hold the interest received on a loan for the building of Bernard Weatherill House. Cabinet agreed to exercise the Council's option to buy out the equity from John Laing in one payment to end the loan agreement, achieving a significant saving for future years. All entries have been reversed and the reserve has now been removed.

Table 1 - Movement in Reserves and Balances

Reserves and Balances	2012/13 £m	2013/14 £m	2014/15 £m
General Fund Balances	11.6	11.6	10.7
Earmarked Reserves excluding schools	60.0	57.2	29.5
General Fund Provisions	32.4	33.4	33.5
Total	**104.0**	**102.2**	**73.7**

HOUSING REVENUE ACCOUNT (HRA)
The final outturn shows a surplus of £4.935m which has been transferred to HRA reserves. The variances to budget that are on-going will be included in the budget planning for 2015/16. Capital expenditure totalled £41.636m. Expenditure was lower than the revised budget of £43.972m by £2.336m. The most significant underspend was on Phase 4 of the Council Housing new build programme (£1.016m)

To maintain financial stability an HRA Contingency Reserve was created in 2012/13 with a target of 5% of total income, identical to the General Fund, over the period of the financial strategy. However, having reviewed the previous years performance against budget and considered the level of risk within the HRA income and expenditure it is now considered that the level of appropriate level of revenue balances to maintain financial stability can be reduced to 3% of total income, with the balance being transferred to the earmarked reserve for new housing supply. Table 2 below shows the HRA balances and reserves as at 31 March 2015 compared with previous years:

Table 2 - Housing Revenue Account Balances and Reserves

Balances and reserves	2012/13 £m	2013/14 £m	2014/15 £m
New Build Housing *	5.595	7.041	11.272
Housing Repairs Fund	0.000	0.000	0.000
Major Repairs Reserve	0.470	0.947	1.425
Contingency Reserve	3.769	3.769	3.995
Total	**9.834**	**11.757**	**16.692**

* HRA reserve was named "Working Balance" prior to 2014/15

CAPITAL
The original approved capital programme (excluding the Housing Revenue Account) totalled £179.188m, which was increased during the year to £193.241m to reflect both programme slippage and additional government grants. Outturn capital spend was £96.810m, with the resultant underspend of £96.431m (49.9%) mainly attributable to slippage in the delivery of schemes. The impact of slippage from 2014/15 into the 2015/16 capital programme will be considered as part of the first Financial Performance report for 2015/16 to Cabinet. Capital schemes in 2014/15 included the delivery of:

- Improvement works to the highways;
- Meeting the needs of the Education Estates Strategy;
- Continuing the drive to meet the Decent Homes Standard;
- Improvements to the Public Realm as part of the Connected Croydon Programme.

PENSION FUND

The Council's Pension Fund increased in value in 2014/15 by £118.7m (16%) to a value of £860.6m. Table 3 below shows the change in the value of the Council's Pension Fund in 2014/15:

Table 3 – Pension Fund Performance 2014/15

Detail of Composition of Net Assets	2013/14 £m	2014/15 £m	Net Increase / (Decrease) £m	Change %
Total Investments	708.355	843.969	135.614	19.1%
Other balances held by Fund Managers	1.114	1.166	0.052	4.7%
Debtors	1.717	2.359	0.642	37.4%
Cash Held by:				
Fund Managers	6.477	10.118	3.641	56.2%
London Borough of Croydon	30.832	10.174	(20.658)	(67.0%)
Creditors	(6.608)	(7.187)	(0.579)	8.8%
Net Assets at Year End	**741.887**	**860.599**	**118.712**	**16.0%**

Other balances held by Fund Managers comprises outstanding trades, outstanding dividends and tax reclaimable.

The net value of the Fund has increased by 16% over the reporting period. The diversified nature of the investment strategy has ensured that the fund has been able to deliver growth throughout the year, albeit in aggregate performance was marginally below the benchmark set. In response to a changing macro-economic landscape, the strategic asset allocation is being reviewed. One early decision was to invest in a passively managed fund. The process of restructuring the property portfolio was completed within this reporting period too. A cash balance was held to allow rapid deployment into assets to exploit opportunities as they arose.

COLLECTION FUND

The Collection Fund is a ring-fenced account into which all sums relating to Council Tax and Business Rates are paid.
Any deficits on the Fund, in relation to Council Tax or Business Rates, must be met by the precepting bodies, but any surpluses can be used by those bodies to fund expenditure within their own organisation.
The Collection Fund reported a surplus of £14.523m in relation to Council Tax (Croydon Council share is £11.570m) as at 31st March 2015. This was due primarily to growth in the council tax base, as well as stronger collection than budgeted.
The declared surplus in January 2015 was £11.903m (Croydon's share £9.508m) which will be distributed in 2015/16.

The Collection Fund also contains the income and distribution for the Business Rates and in 2014/15 there was a deficit on the Collection Fund in relation to business rates of £11.338m. This is redistributed to the preceptors (Croydon, GLA and CLG) with the Croydon share being £3.401m, primarily due to having to increase the provision for outstanding appeals to £6.8m.

COUNCIL TAX

The surplus balance on the Collection Fund assumes an overall Council Tax collection rate of 97.4% of bills raised. Collection will take place over several years as various recovery methods are used to maximise cash income.
The Council monitors performance targets in relation to the amount of debt collected in the initial year of billing (2014/15 debt collected in 2014/15). The target set for 2014/15 was 96.50% and the actual performance was confirmed as 96.48%, a shortfall of 0.02%. This is the best ever collection rate of Council Tax in year collection and an increase of 0.41% on last year whilst the net collectable debit increased by £3.05 million.
The net collectable debt for council tax in 2014/15 was £174.3 million, an increase of £3.055 million on the previous year.
Table 20 shows the impact of actual performance against the target in cash terms.

Table 4 – Council Tax Collection performance against target

	Target – 2014/15	Actual – 2014/15	Variance
Percentage	96.50%	96.48%	(0.02%)
Cash - £m	168.258	168.223	(0.035)

Note: These figures relate to amounts collectable for 2014/15 only; the amounts shown in the Collection Fund include variations to the debit for all past years up to and including 2014/15.

NATIONAL NON-DOMESTIC RATE (NNDR) COLLECTION

The target set for 2014/15 was 98.75% and the actual performance was confirmed at 98.38%, a shortfall of 0.37%.
The collectable debt for business rates in 2014/15 was £117.9m.
The table below shows the impact of actual performance against the target in cash terms.

Table 5 – NNDR Collection performance against target

	Target – 2014/15	Actual – 2014/15	Variance
Percentage	98.75%	98.38%	(0.37%)
Cash - £m	116.491	116.173	(0.318)

Business rates collection performance is the best it has been in the last 6 years, with an increase of 0.44% collection from last year. The net collectable debit increased by £0.704M from the previous year. Support has been given to businesses who were struggling, in the form of more flexible payment plans or the award of relief if appropriate, and all but one of the top 100 businesses in Croydon paid in full for the year.

Conclusion

The report presented to the Council's General Purposes and Audit Committee on 24th June 2015 provides further details on the Council's financial performance and delivery against our Financial Strategy. The report can be found online here:
General Purposes and Audit Committee 24th June 2015 - Agenda Item 2

I hope that you find the following accounts useful and informative in helping you to understand how the Council manages its finances on your behalf, and how we ensure your money is spent wisely.

Richard Simpson
Assistant Chief Executive
(Corporate Resources and Section 151 Officer)

Croydon Council

EXPLANATION OF THE ACCOUNTING STATEMENTS

Movement in Reserves Statement

The movement in reserves held by an Authority is analysed between ‘usable’ (those that can be used to fund expenditure or reduce local taxation) and 'unusable'.

The surplus or deficit on the provision of services represents the accounting cost of providing services, but does not represent the statutory amounts that must be charged to the General Fund and the Housing Revenue Account for the purpose of setting Council Tax and dwelling rents. These are shown by the Net Increase / Decrease before Transfers to Earmarked Reserves and are calculated after entering all the adjustments that are required to move from the economic (accounting) basis to the funding basis.

Subsequent to this, discretionary movements to and from earmarked reserves are recorded.

Comprehensive Income and Expenditure Statement

This Statement shows the true economic cost of providing services, calculated in accordance with the requirements of International Financial Reporting Standards (IFRS) as applied by the Code of Practice on Local Authority Accounting in the United Kingdom 2014 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Balance Sheet

The Balance Sheet shows, at the Balance Sheet date, the values of those assets and liabilities recognised by the Council. The net assets of the Council, assets less liabilities, are represented by reserves that are reported within two categories:

- usable reserves, as stated above, that can be used to fund expenditure or reduce local taxation; and
- unusable reserves, that recognise unrealised gains and losses and timing differences.

Cash Flow Statement

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

MOVEMENT IN RESERVES STATEMENT

2014/15	General Fund Balance £000	HRA Balance £000	Earmarked GF Reserves Balance £000	Capital Receipts Balance £000	Capital Grants Unapplied Balance £000	Major Repairs Reserve Balance £000	Total Usable Reserves Balance £000	Total Unusable Reserves Balance £000	Total Authority Reserves Balance £000
Balance b/f at 1 April 2014	11,595	10,811	68,467	9,779	4,373	947	105,972	249,508	355,480
Movement in reserves during 2014/15:									
Surplus or (deficit) on provision of services	(178,023)	21,173					(156,850)		(156,850)
Other Comprehensive Expenditure and Income							0	163,497	163,497
Total Comprehensive Expenditure and Income	(178,023)	21,173	0	0	0	0	(156,850)	163,497	6,647
Adjustments between accounting basis and funding basis under regulations	147,922	(16,717)		8,321	(753)	478	139,251	(139,251)	0
Net increase/Decrease before Transfers to Earmarked Reserves	(30,101)	4,456	0	8,321	(753)	478	(17,599)	24,246	6,647
Transfers to/(from) Earmarked Reserves	29,183		(29,183)				0		0
Net increase/(decrease) in reserves for the year	(918)	4,456	(29,183)	8,321	(753)	478	(17,599)	24,246	6,647
Balance c/f at 31 March 2015	10,677	15,267	39,284	18,100	3,620	1,425	88,373	273,754	362,127

2013/14 RESTATED	General Fund Balance £000	HRA Balance £000	Earmarked GF Reserves Balance £000	Capital Receipts Balance £000	Capital Grants Unapplied Balance £000	Major Repairs Reserve Balance £000	Total Usable Reserves Balance £000	Total Unusable Reserves Balance £000	Total Authority Reserves Balance £000
Balance b/f at 1 April 2013	11,597	9,364	73,835	1,645	4,191	470	101,102	376,829	477,931
Movement in reserves during 2013/14:									
Surplus or (deficit) on provision of services	(205,229)	(18,247)					(223,476)		(223,476)
Other Comprehensive Expenditure and Income							0	101,026	101,026
Total Comprehensive Expenditure and Income	(205,229)	(18,247)	0	0	0	0	(223,476)	101,026	(122,450)
Adjustments between accounting basis and funding basis under regulations	199,859	19,694		8,134	182	477	228,346	(228,347)	(1)
Net increase/Decrease before Transfers to Earmarked Reserves	(5,370)	1,447	0	8,134	182	477	4,870	(127,321)	(122,451)
Transfers to/(from) Earmarked Reserves	5,368		(5,368)				0		0
Net increase/(decrease) in reserves for the year	(2)	1,447	(5,368)	8,134	182	477	4,870	(127,321)	(122,451)
Balance c/f at 31 March 2014	11,595	10,811	68,467	9,779	4,373	947	105,972	249,508	355,480

Further details about the movements in earmarked reserves can be found in Note 8, on pages 36 - 37, and details around movements in all reserves can be found in Note 22 and 23 on pages 49 - 53.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	Note/Page No.	2014/15 Gross £000	2014/15 Income £000	2014/15 Net £000	Restated 2013/14 Net £000
Gross expenditure, income and net expenditure of continuing operations					
Central Services to the Public		17,005	(5,794)	11,211	8,058
Cultural and Related Services		18,106	(4,831)	13,275	15,759
Environment and Regulatory Services		45,044	(9,283)	35,761	37,375
Planning Services		13,587	(5,101)	8,486	16,708
Public Health		18,944	(19,877)	(933)	(1,222)
Children's and Education Services		275,817	(238,241)	37,576	36,776
Highways and Transport Services		51,050	(22,496)	28,554	26,036
Local Authority Housing (HRA)	page 75	64,852	(93,236)	(28,384)	7,259
Other Housing Services		303,661	(286,395)	17,266	22,018
Adult Social Care		231,014	(72,393)	158,621	165,728
Corporate and Democratic Core		39,696	(30,411)	9,285	11,126
Non-Distributed Costs		(6,947)	(379)	(7,326)	(7,834)
Exceptional Items				0	4,721
Net cost of services		1,071,829	(788,437)	283,392	342,508
Other operating expenditure	9			121,657	168,949
Financing and Investment Income and Expenditure	10			76,871	52,242
Taxation and Non-Specific Grant Income	11			(325,070)	(340,223)
(Surplus) or Deficit on Provision of Services				156,850	223,476
(Surplus) or deficit on revaluation of non-current assets				(193,981)	(63,891)
Remeasurement of the net defined benefit liability				30,484	(37,135)
Other Comprehensive Income and Expenditure				(163,497)	(101,026)
Total Comprehensive Income and Expenditure				(6,647)	122,450

BALANCE SHEET

The Balance Sheet shows the Council's position at the end of the year for all activities and services except the Pension Fund and trust funds, which are held on behalf of third parties. All internal transactions between funds have been eliminated.

	Note/ Page No.	31 March 2015 £000	£000	Restated 31 March 2014 £000	Restated 1 April 2013 £000
Operational Assets (Property, Plant and Equipment)	12				
Council dwellings		738,637		630,416	579,994
Other land and buildings		770,486		777,240	756,281
Vehicles, plant, furniture and equipment		1,210		2,466	6,078
Infrastructure		117,387		99,269	92,827
Community assets		5,981		6,405	5,828
Total Operational Assets (Property, Plant and Equipment)			1,633,701	1,515,796	1,441,008
Non-Operational Assets (Property, Plant and Equipment)					
Assets under construction		9,161		15,778	147,243
Surplus assets not held for sale		15,331		11,288	11,942
Total Non-Operational Assets (Property, Plant and Equipment)			24,492	27,066	159,185
Heritage Assets	13		3,153	2,876	15,786
Investment property					
Investment property	14		21,911	26,013	24,234
Intangible Assets	15				
Software			12,406	11,825	4,043
Assets under construction			-	1,317	7,309
Long-term Investments					
Non-property investments	16		52,806	7,040	14,137
Investments in Associates and Joint Ventures					
Long-term Debtors	16		4,309	134,756	141,785
Long-term Assets			1,752,778	1,726,689	1,807,487
Short-term Investments					
Non-property investments excluding cash equivalents	16		70,000	115,456	147,641
Assets held for sale (< 1 year)	19		7,100	11,753	4,770
Inventories			186	216	219
Short-term debtors, payments in advance and provision for doubtful debts	17		117,909	94,331	76,993
Cash and cash equivalents	18		6,065	87	20,618
Current Assets			201,260	221,843	250,241
Bank overdraft	18		(19,521)	(21,711)	(38,104)
Short-term borrowing	16		(65,549)	(66,484)	(66,470)
Short-term creditors and receipts in advance	20		(122,691)	(132,356)	(118,787)
Short-term provision	21		(664)	(463)	(424)
Current Liabilities			(208,425)	(221,014)	(223,785)
Long-term Creditors					
Provisions	21		(9,300)	(11,002)	(9,130)
Long-term borrowing	16		(766,670)	(826,771)	(801,585)
Deferred capital creditors			(10,701)	(11,990)	(7,508)
Other non-current liabilities					
Net pensions liability	43		(556,625)	(512,440)	(533,920)
Capital grants receipts in advance	32		(40,190)	(9,833)	(3,869)
Long-term Liabilities			(1,383,486)	(1,372,036)	(1,356,012)
Net Assets			362,127	355,482	477,931
Usable reserves					
General Fund	22.1	10,677		11,597	11,597
Housing Revenue Account	22.2	15,267		10,810	9,364
Earmarked reserves	8	39,284		68,467	73,835
Capital receipts reserve	22.4	18,101		9,778	1,645
Capital grants unapplied	22.5	3,620		4,373	4,191
Major repairs reserve	HRA 3	1,424		947	470
			88,373	105,972	101,102
Unusable reserves					
Revaluation reserve	23.1	416,640		239,123	216,012
Capital adjustment account	23.2	410,306		523,424	695,107
Financial Instruments adjustment account	23.3	(1,901)		(2,086)	(2,565)
Pensions reserve	23.4	(556,625)		(512,440)	(533,920)
Deferred capital receipts	23.5	34		97	155
Collection Fund adjustment account	23.6	8,168		5,003	6,078
Short-term accumulating compensated absences account	23.7	(2,868)		(3,611)	(4,038)
			273,754	249,510	376,829
Total Reserves			362,127	355,482	477,931

The prior year restatement to recognise Foundation schools requires the publication of a revised Opening Balance Sheet for the prior year. See Note 5 for further details.

Signed: Richard Simpson, Assistant Chief Executive
(Corporate Resources and Section 151 Officer) 25 September 2015

CASH FLOW STATEMENT

	Note No.	2014/15 £000	2014/15 £000	Restated* 2013/14 £000	Restated* 2013/14 £000
OPERATING ACTIVITIES					
Net (surplus) or deficit on the provision of services		156,850		223,476	
Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities		13,083		14,001	
Interest Paid		41,132		29,363	
Interest Received		(8,819)		(2,599)	
Net Cash (inflow) outflow from the provision of services			202,246		264,241
Adjustment for movement in Non-Cash Items					
Provisions and accounting basis transactions					
Depreciation		(27,612)		(30,662)	
Impairment and downward valuations		(39,279)		(62,991)	
Amortisations		(3,378)		(3,869)	
Increase in impairment for allowance for bad debts		2,465		(5,449)	
Pension liability - accounting basis		(40,533)		(42,266)	
Carrying amount of non-current assets sold		(92,221)		(122,429)	
Provisions		(1,292)		(5,966)	
Movements in the value of investment properties		(4,102)		1,779	
Other non-cash movements		(44,616)		(11,399)	
Net interest payable		(32)		(29,986)	
			(250,600)		(313,238)
Items included/excluded from net surplus or deficit on the provision of services:					
Decrease/(Increase) in creditors		(28,257)		(15,301)	
Increase/(Decrease) in debtors		24,862		14,017	
(Decrease)/Increase in inventory		(27)		(3)	
Pension liability - paid		26,832		26,611	
			23,410		25,324
Other non-service related items					
Grants applied to the financing of capital expenditure or received to meet the principal repayments on borrowing		61,942		61,217	
Revenue expenditure funded from capital under statute		(56,250)		(82,615)	
Total Adjustment for movement in Non-Cash Items			5,692		(21,398)
Net cash (inflow)/outflow from operating activities			(19,252)		(45,071)
INVESTING ACTIVITIES					
Purchase of property, plant and equipment, investment property and intangible assets		106,290		106,064	
Purchase of short-term and long-term investments		45,652		6,590	
Other payments for investing activities		56,250		82,615	
Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(13,083)		(14,001)	
Capital grants		(85,507)		(62,710)	
Proceeds from short-term and long-term investments		(45,942)		(37,609)	
Net cash (inflow)/outflow from investing activities			63,660		80,949
FINANCING ACTIVITIES					
Cash receipts from short-term and long-term borrowing		(57,568)		(35,242)	
Other receipts from financing activities		-		-	
Cash payments for the reduction of the outstanding liabilities to finance leases and on-Balance Sheet PFI contracts (Principal)		2,193		3,060	
Repayments of short-term and long-term borrowing		2,800		441	
Other payments for financing activities		-		-	
Net cash (inflow)/outflow from financing activities			(52,575)		(31,741)
Net (increase)/decrease in cash and cash equivalents			(8,167)		4,137
Cash and cash equivalents at the beginning of the reporting period			21,623		17,486
Cash and cash equivalents at the end of the reporting period			13,456		21,623
Cash held	18		107		115
Bank current accounts	18		(19,628)		(21,826)
Short-term deposits with building societies and Money Market Funds	18		6,065		88
Cash and cash equivalents as at 31 March			(13,456)		(21,623)

NOTES TO THE CORE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1. BASIS OF PREPARATION - SINGLE ENTITY AND GROUP ACCOUNTS

Basis of Preparation

The financial statements have been prepared in accordance with the 2014/15 Code of Practice on Local Authority Accounting in the United Kingdom (the 2014/15 Code), and the Service Reporting Code of Practice (SeRCOP), both issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The 2014/15 Code includes the statutory provisions for the preparation of financial statements and the requirements of existing IFRS pronouncements, except to the extent that they conflict with statute. Additional guidance within the 2014/15 Code is drawn from International Public Sector Accounting Standards (IPSAS), similarly, except to the extent that they conflict with statute.

The Statements Prepared

The Comprehensive Income and Expenditure (CI&E) Statement presents the results of the Council's activities measured under the rules set out in the 2014/15 Code. Different rules are applied to measure the results for the purpose of setting Council Tax. The accumulated amount of the differences are set out in the Movement in Reserves Statement (MIRS) and explained in the notes to the financial statements.

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by reserves held by the Authority.

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.

Single Entity Financial Statements

The financial statements presented by a parent, an investor in an associate or a venturer in a joint venture (jointly controlled entity) in which the investments are accounted for on the basis of the direct equity interest (i.e. at cost) rather than on the basis of the reported results and net assets of the investees. In the context of the Code, an Authority's single entity financial statements are deemed to be separate financial statements.

The single entity financial statements are also defined as including the income, expenditure, assets, liabilities, reserves and cash flows of the local authority maintained schools in England and Wales within the control of the local authority.

Group Accounts - Recognition of Group Entities and Basis of Consolidation

The Council has no material interests in the companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities during the 2014/15 financial year. The Council prepared group accounts in previous financial years, but a review was undertaken in 2014/15 that concluded the interests in subsidiaries and other entities are not material. Therefore, there is no requirement to prepare group accounts. The Council has two non material group interests:

- ► Croydon Care Solutions Limited (CCS) - 100% control and ownership by Croydon Council would otherwise be accounted for as a subsidiary under IFRS10.
- ► Croydon Council Urban Regeneration Vehicle (CCURV) LLP - A 50% joint venture with John Laing Projects and Development (Croydon) Limited, which would otherwise be accounted for using the equity method under IFRS 11.

See Note 41 for further details (Group Interests, page 69).

1. ACCOUNTING POLICIES (continued)

1.1. BASIS OF PREPARATION - SINGLE ENTITY AND GROUP ACCOUNTS (continued)

The Selection of Accounting Policies

In those instances where the 2014/15 Code permits a choice of accounting policy the selection has been made to facilitate a true and fair presentation of the Authority's results.

In future years the accounting policies selected, as amended from time to time by revised editions of the Code, will be applied consistently when dealing with items considered material in relation to the accounts.

Revenue Recognition

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net worth. It is measured at the fair value of the consideration received or receivable. In most cases, the consideration receivable is in the form of cash and cash equivalents and the amount of revenue is the amount of cash and cash equivalents receivable. However, if payment is on deferred terms (i.e. beyond normal credit terms), the consideration receivable is recognised initially at the cash price equivalent (that is, the discounted amount). The difference between this amount and the total payments received is recognised as interest revenue in Surplus or Deficit on the Provision of Services.

This policy applies to revenue arising from:

► the sale of goods;
► the provision of services;
► interest, royalties and dividends; and
► non exchange transactions (i.e. Council Tax).

It does not apply to revenue arising from:

► lease agreements (see 1.11)
► dividends from investments in associates (see 1.5.6)
► changes in the fair value of financial assets and liabilities or their disposal (see 1.13)
► changes in the fair value of investment properties (see 1.5.3).
► those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the period), and
► those that are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

The financial statements are adjusted to reflect adjusting events recognised after the reporting period. Non adjusting events recognised after the reporting period are not reflected in the financial statements, but if sufficiently material are disclosed in a note to the accounts.

Principal and Agent

The majority of transactions the Council undertakes it is acting entirely on its own behalf and completely owns any risks and rewards of the transaction. This is known as the Council acting as a Principal. However there are some situations whereby the Council is acting as an Agent, where the Council is acting as an intermediary for all or part of a transaction or service. The two main instances where this occurs are in relation to Council Tax and Business Rates whereby the Council is collecting Council Tax and Business Rates income on behalf of itself and preceptors (Greater London Authority in relation to Council Tax and the Department for Communities and Local Government (CLG) and Greater London Authority in relation to Business Rates). The implications for this is that any Balance Sheet transactions at the year end, in relation to these Agent relationships, are split between the principal parties and, therefore, the balances contained on the Balance Sheet for a particular debt are the Council’s own proportion of the debt and associated balances. The proportions of transactions that relate to the other parties to the relationship are shown as debtors or creditors due from/to these parties.

1.2. ACCOUNTING REQUIREMENTS

Financial Performance Reflected by Accrual Accounting

The Authority has prepared its financial statements, except for the Statement of Cash Flow, using the accruals basis of accounting, i.e. the Authority recognises items as assets, liabilities, income and expenses when they satisfy the definitions and recognition criteria for those elements in the 2014/15 Code. The accruals basis of accounting requires the non-cash effects of transactions to be reflected in the financial statements for the accounting period in which those effects are experienced and not in the period in which any cash is received or paid.

1. ACCOUNTING POLICIES (continued)

1.2. ACCOUNTING REQUIREMENTS (continued)

Underlying Assumption - Going Concern

The Authority's financial statements have been prepared on a going concern basis; that is, the accounts have been prepared on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future. Transfers of services under machinery of Government changes, such as Local Government reorganisation, do not negate the presumption of going concern.

1.3. ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

Accounting Policies

They are the specific principles, bases, conventions, rules and practices applied by the Authority in preparing and presenting financial statements.

Changes in accounting policies are only made when required by:

- ► an amendment to the IFRS Code; or
- ► it is a statutory requirement; or
- ► the change provides more reliable information about the effect of transactions, other events and conditions relevant to the Authority's financial position or financial performance.

Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Accounting Estimates

Estimation in the preparation of financial statements involves judgments by the Authority based on the latest available, reliable information. The use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their reliability.

The Authority makes a change to an accounting estimate to adjust the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments; they are accounted for prospectively and, accordingly, are not the correction of errors.

Errors

Prior period errors are omissions from, and misstatements in, the Authority's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information.

If the error is material the Authority corrects the prior period error retrospectively in the first set of financial statements authorised for issue after their discovery, by:

- ► restating the comparative amounts for prior period(s) presented in which the error occurred, or
- ► if the error occurred before the earliest prior period presented, by restating the opening balances of assets, liabilities and net worth for the earliest prior period presented.

1.4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events, that are believed to be reasonable under the circumstances.

Areas where critical estimates or judgements are applied are as follows:

- ► the valuation of property, plant and equipment and the depreciation of those assets
- ► the differentiation between finance and operating leases
- ► the categorisation and consequent applicable accounting treatment for PFI & PPP schemes in accordance with the adaptation of IFRIC 12, Service Concession Arrangements, by the Government's Financial Reporting Manual
- ► distinguishing between accruing for a liability and those instances when a provision is required
- ► preparing estimates for contingent assets and contingent liabilities disclosed in notes to the accounts
- ► the actuarial determination of the net liability on the Pension Fund
- ► the status of schools and their consequent inclusion / exclusion from the financial statements.
- ► the materiality of interests in subsidiaries and other group entities (See Note 41 for further details)

1. ACCOUNTING POLICIES (continued) - POLICIES 1.5 to 1.9 RELATE TO THE BALANCE SHEET

1.5. NON-CURRENT ASSETS

1.5.1. Property, Plant and Equipment

Property, plant and equipment are assets that have physical substance and are operational or non operational. Operational assets are held by the Authority in the provision of services or for administrative purposes on a continuing basis.

Operational assets:

- **Council Dwellings** - this includes housing units and parking spaces used by HRA resident lease holders. It excludes parking spaces used by all others and also excludes shops, sheltered housing, and related fixed equipment, furniture and plant that are accounted for within the HRA. These assets are recorded under the relevant non-dwelling headings, if material.

- **Other Land and Buildings** - this includes all land and operational buildings other than Council Dwellings.

- **Vehicles Plant, Furniture and Equipment** - includes all items that are not a fixture or fitting to a building.

- **Infrastructure Assets** - inalienable assets, expenditure on which is only recoverable by continued use of the asset created, i.e. there is no prospect of sale or alternative use; examples include highways, structural maintenance of highways, footpaths, bridges, permanent ways, coastal defences, water and drainage.

- **Community Assets** - are assets the Council intends to hold in perpetuity, that have no determinable useful life, and may have restrictions on their disposal. Examples of assets that fall into this category include parks and open spaces.

Non operational assets:

- **Assets Under Construction** - these are assets that have not yet been completed.

- **Surplus Assets** - i.e. assets that are not being used to deliver services, but which do not meet the criteria to be held as either investment properties or non-current assets held for sale.

Recognition

The cost of an item of property, plant and equipment is recognised on an accruals basis and capitalised as an asset of the Authority if:

- it is probable that the future economic benefits or service potential associated with the asset will flow to the Authority, and

- the cost of the item can be measured reliably.

Costs that meet the recognition principle include initial costs of acquisition and construction, and costs incurred subsequently to enhance, replace part of, or service the asset, (excluding day to day maintenance costs that do not add to the future economic benefits or service potential of the asset).

Schemes costing less than £10,000 are below the capitalisation minima and are not recognised as capital expenditure.

Initial Measurement

Property, plant and equipment upon recognition are measured at cost, which comprises:

- purchase price;

- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the the manner intended by management; and

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

1. ACCOUNTING POLICIES (continued) - POLICIES 1.5 to 1.9 RELATE TO THE BALANCE SHEET

1.5. NON-CURRENT ASSETS (continued)

1.5.1. Property, Plant and Equipment (continued)

Measurement after recognition

Infrastructure assets, community assets, and assets under construction are measured at historical cost.

All other classes of asset are measured at fair value.

If there is no market-based evidence of fair value because of the specialist nature of the asset, Depreciated Replacement Cost (DRC) is used as an approximation of fair value.

The fair value of Council houses is their Existing Use Value multiplied by the Social Housing Factor (EUV-SH).

Property, plant and equipment included in the Balance Sheet at fair value, and subject to depreciation, are formally revalued on a five year rolling programme and the revised amount included in the Balance Sheet.

Property, plant and equipment included in the Balance Sheet at fair value are formally reviewed at the end of each financial year for evidence of revaluation losses, gains or impairment, to ensure that the carrying value represents the fair value at the Balance Sheet date. Details of this review can be found in Note 12

A full valuation of Council dwellings was carried out as at 31st March 2015 using the "beacon" method.

Revaluation

A revaluation gain is first used to reverse a previous revaluation decrease recognised in the CI&E Statement on the same asset; any further gain above that required to eliminate the previously recognised decrease is credited to the Revaluation Reserve.

A revaluation decrease which represents a significant decline in an asset’s carrying amount during the period that is not specific to the asset, as opposed to an impairment which is specific to the asset, is recognised in the Revaluation Reserve to the extent of any balance existing for that asset and thereafter in the CI&E Statement.

Revaluation losses and the reversal of revaluation losses are not proper charges to the General Fund. Such amounts are transferred to the Capital Adjustment Account through the Movement in Reserves Statement.

Impairment

An impairment occurs when the carrying value of an asset in the Balance Sheet exceeds its recoverable amount. The recoverable amount of an asset is the higher of:

- the fair value less costs to sell; and
- the value in use - the present value of the asset's remaining service potential.

An impairment loss is first recognised in the Revaluation Reserve to the extent of any balance existing for that asset and thereafter in the CI&E Statement. An impairment loss recognised in the CI&E Statement is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss. Impairment losses recognised in the Revaluation Reserve are not reversed.

Impairment losses and the reversal of impairment losses are not proper charges to the General Fund. Such amounts are transferred to the Capital Adjustment Account through the Movement in Reserves Statement.

Disposal and Derecognition

The carrying amount of an item of property, plant and equipment is derecognised:

- on disposal, or

- when no future economic benefits or service potential are expected from its use or disposal.

When an item of property, plant and equipment is derecognised, the gain or loss is credited or debited to the Comprehensive Income and Expenditure Statement. Under statute, gains and losses from the sale of assets (or revaluation gains or losses) cannot be used to either decrease or increase Council Tax. An adjustment is made through the Movement in Reserves Statement to transfer the gain or loss from the General Fund to the Capital Adjustment Account.

1. ACCOUNTING POLICIES (continued) - POLICIES 1.5 to 1.9 RELATE TO THE BALANCE SHEET

1.5. NON-CURRENT ASSETS (continued)

1.5.1. Property, Plant and Equipment (continued)

Proceeds from General Fund disposals in excess of £10,000 are categorised as capital receipts and credited to the Capital Receipts Reserve.

A proportion of the Housing Revenue Account receipts relating to right to buy disposals is payable to the Government. The balance of the receipts and any other HRA receipts are credited to the Capital Receipts Reserve.

The Capital Receipts Reserve can only be used for new capital expenditure or set aside to reduce the Authority's underlying need to borrow.

Depreciation

Operational assets:

- ► **Council Dwellings** - Depreciation is charged on Council dwellings, excluding garages and parking spaces, It is calculated on the basis of their fair value which is then adjusted by the Existing Use Value - Social Housing factor.

- ► **Other Land and Buildings**
  Land is not depreciated

  Operational buildings are depreciated over their useful economic life. Operational buildings are all buildings, other than Council dwellings accounted for in the Housing Revenue Account.

- ► **Vehicles, Plant, Furniture and Equipment** - they are depreciated over their useful life which is determined at the time of purchase. These assets include all items except fixtures and fittings to a building.

- ► **Infrastructure Assets** - they are depreciated over their useful life. Some expenditure on infrastructure assets prior to 2009/10 did not separately identify the specific asset. The Council has decided to depreciate the balance of these items over 10 years.

- ► **Community Assets** - depreciation is charged on community assets held at historic cost.

Non operational assets:

- ► **Assets Under Construction** - depreciation is not charged on an asset until it is brought into use.
- ► **Surplus Assets** - they are depreciated in accordance with the policy applicable to the asset category prior to its transfer to surplus assets.

Componentisation

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

The Authority's policy is to recognise three components:

- ► Structure
- ► Mechanical and electrical
- ► Outside space.

The Authority's assets are considered for componentisation at the time of their revaluation under the rolling five year revaluation programme.

When the Authority replaces or restores a separately identified component, it derecognises the carrying value of the old component and recognises the carrying value of the new component.

1.5.1a. School Buildings

School buildings are included within the financial statements except for:

- ► those schools that have converted to an academy (academies are granted 125 year leases at a peppercorn rent)
- ► Voluntary controlled and voluntary aided schools where the assets are vested in the school's trustees.

1.5.2. Heritage Assets

A Heritage Asset is defined as either:

- ► A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities, that is held and maintained by the Authority principally for its contribution to knowledge and culture; or

1. ACCOUNTING POLICIES (continued) - POLICIES 1.5 to 1.9 RELATE TO THE BALANCE SHEET

1.5. NON-CURRENT ASSETS (continued)

- ► An intangible asset with cultural, environmental or historical significance.

The Authority presents Heritage Assets as a separate line item within the Balance Sheet. Wherever possible the assets are carried at a valuation; in those instances where this is not possible they are carried at cost.

Assets, other than land, are normally regarded as having a finite life and are subject to depreciation. Heritage Assets are preserved by the Authority, not used by the Authority, as are other assets, in the provision of services. Consequently, no depreciation allowance is made against Heritage Assets.

Asset valuations are not undertaken at regular intervals but with sufficient frequency to report realistic values in the Balance Sheet.

Assets values are reviewed immediately if there is any evidence of impairment. Impairment can arise due to physical deterioration or doubts about an asset's authenticity.

1.5.3. Investment Property

The Authority's investment properties are those that the Authority holds to earn rentals or for capital appreciation or both rather than for use in service delivery.

The Authority's investment properties are measured at cost on initial recognition and subsequently measured at their fair value on an annual basis. Gains and losses arising on revaluation are recognised in the Comprehensive Income and Expenditure Statement in the period in which they arise and are disclosed separately. The gains and losses are not proper credits / charges to the General Fund and are transferred to the Capital Adjustment Account through the Movement in Reserves Statement. Depreciation is not charged on investment properties.

1.5.4. Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. The Authority recognises an intangible asset if:

- ► it is probable that future economic benefits, or service potential will flow from the asset to the Authority;
- ► the asset is controlled by the Authority either through custody or legal rights; and
- ► the cost of the asset can be reliably measured.

The Authority's intangible assets are its purchased software licences and its in house developed software. These are measured on initial recognition at cost and subsequently at cost less accumulated amortisation and any impairment loss. Intangible assets are amortised on a straight-line basis over their useful economic lives. The useful economic lives of intangible assets are reviewed at the end of each reporting period and revised if necessary.

1.5.5. Long Term Non Property Investments

Please see Financial Instruments (1.13).

1.5.6. Investments in Associates

The Authority's single entity financial statements record the actual dividend received or receivable. The interest in associates is consolidated in the group accounts.

The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor’s share of net assets of the investee. The profit or loss of the investor includes the investor’s share of the profit or loss of the investee.

1.5.7. Non-Current Assets Held for Sale

The Authority's non-current assets held for sale are those assets declared surplus to requirements whose carrying value will be recovered principally through sale rather than through continuing use. The assets are:

- ► available-for-sale in their present condition;
- ► are being actively marketed; and
- ► their sale is highly probable within the next twelve months.

Non-current assets held for sale by the Council are measured at the lower of their carrying amount or their fair value less costs to sell. Depreciation is not charged on assets classified as held for sale.

1. ACCOUNTING POLICIES (continued) - POLICIES 1.5 to 1.9 RELATE TO THE BALANCE SHEET

1.6. CURRENT ASSETS

1.6.1. Short Term Non Property Investments

Please see Financial Instruments (1.13).

1.6.2. Inventories

The Authority's inventories include items it holds as stores in hand and that are held in the form of materials or supplies to be consumed in the rendering of its services. Inventories are recognised on the Authority's Balance Sheet and measured at:

- the lower of cost and net realisable value, except where inventories are acquired through a non-exchange transaction in which case their cost is deemed to be their fair value at the date of acquisition; or

- the lower of cost and current replacement cost where they are held for distribution at no charge or for a nominal charge, or consumption in the production process of goods to be distributed at no charge or for a nominal charge.

1.6.3. Debtors

Debtors are recognised when the ordered goods have been delivered or the services rendered, and are measured at the fair value of the consideration to be received. An allowance for doubtful debts is estimated based upon past experience.

1.6.4. Cash and Cash Equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 30 days or less, that had a short maturity when acquired, are convertible to known amounts of cash with insignificant risk of a change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

1.7. CURRENT LIABILITIES

1.7.1. Short Term Borrowing

Please see Financial Instruments (1.13).

1.7.2. Short Term Creditors

Creditors are recognised when the ordered goods or services have been delivered or rendered, and measured at the fair value of the consideration to be paid.

1.7.3. Short Term Provision

Please see Provisions, Contingent Liabilities and Contingent Assets (1.16).

1.8. NON CURRENT LIABILITIES

1.8.1. Provisions

Please see Provisions, Contingent Liabilities and Contingent Assets (1.16).

1.8.2. Long Term Borrowing

Please see Financial Instruments (1.13).

1.8.3. Net Pensions Liability

Please see 'Pensions' within Employee Benefits (1.12).

1.8.4. Capital Grants Receipts in Advance

Please see Government Grants, Contributions and Donated Assets (1.10).

1. ACCOUNTING POLICIES (continued) - POLICIES 1.5 to 1.9 RELATE TO THE BALANCE SHEET

1.9. USABLE AND UNUSABLE RESERVES

The Authority has two categories of reserves, usable and unusable:

Usable Reserves

These are reserves created by the Authority and earmarked for future policy purposes or to provide for contingencies. The reserves are created and employed by transfers through the Movement in Reserves Statement. See Note 22 for further details.

Unusable Reserves

These are established by the impact of accounting and statutory arrangements and are kept to manage the accounting process; they do not represent usable resources for the Authority. See Note 23 for further details.

1. ACCOUNTING POLICIES (continued) - POLICIES 1.10 ONWARDS RELATE TO THE OTHER STATEMENTS

1.10. GOVERNMENT GRANTS, CONTRIBUTIONS AND DONATED ASSETS

Government grants and contributions relating to capital and revenue expenditure are accounted for on an accruals basis, and recognised in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition(s) that the Authority has not satisfied.

Where a capital grant or contribution has been received by the Authority, and conditions remain outstanding at the Authority's Balance Sheet date, the grant or contribution is recognised as part of the Capital Grants Receipts in Advance.

Capital grants are not proper credits to the General Fund and are either:

► transferred through the Movement in Reserves Statement to the Capital Grant Unapplied balance if there is any balance of the grant that has not been used to finance capital expenditure; or

► applied in financing capital expenditure by a transfer through the Movement in Reserves Statement to the Capital Adjustment Account.

Donated Assets

Where a donated asset is transferred to the Council for nil consideration it is recognised immediately at its fair value as an asset on the Authority's Balance Sheet. The asset is recognised in the Comprehensive Income and Expenditure Statement as income except to the extent that the transfer has a condition(s) that the Authority is yet to satisfy. In this case the asset is credited to the Donated Assets Account and is recognised in the Comprehensive Income and Expenditure Statement once the condition(s) has been satisfied.

The fair value of donated assets are not proper credits to the General Fund and are transferred through the Movement in Reserves Statement to the Capital Adjustment Account.

1.11. LEASES

1.11.1. Finance Leases

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.

When the Authority is the lessee of an asset and assumes substantially all the risks and rewards of ownership, the asset is included within non-current assets, and depreciated if appropriate, in exactly the same way as a purchased asset. The leasing commitment is disclosed as a long-term liability, 'Obligations Under Finance Leases', and the rent payable is split between repayment of the principal sum and the finance charge.

When the Authority is the lessor of an asset and transfers to the counterparty substantially all the risks and rewards of ownership, that asset is written out of the Balance Sheet and replaced by a long-term debtor. The rent received is split between repayment of the principal sum and the finance income.

1. ACCOUNTING POLICIES (continued) - POLICIES 1.10 ONWARDS RELATE TO THE OTHER STATEMENTS

1.11. LEASES (continued)

Leases of Land

Lessor Leases:

The treatment adopted in the London Borough of Croydon accounts for all long-term leases of land, in accordance with the amendment to IAS17, is to account for them as finance leases. As a consequence, any lease premium received will continue to be regarded as a capital receipt and, in the absence of any rental, it will not be necessary to set up a long-term debtor.

Lessee Leases:

The treatment adopted in the London Borough of Croydon accounts for all long-term leases of land, in accordance with the amendment to IAS17, is to account for them as finance leases. As a consequence, any lease premium paid will continue to be regarded as a capital payment and, in the absence of any rental, it will not be necessary to set up a long-term creditor.

1.11.2. Operating Leases

All leases other than finance leases are operating leases. Rental received / paid is credited / debited to the Comprehensive Income and Expenditure Statement on a straight line basis over the duration of the lease, irrespective of whether it is received or paid that way, unless in a specific instance a different allocation better represents the economic reality of the circumstances.

Lease Premia:
In those instances where a premium is paid / received for granting an operating lease of a significant duration, unless the sum paid is material to the consideration of the accounts, it will be treated as a capital payment / capital receipt in the year the lease is granted. This will eliminate the onerous requirement for successive annual transfers to the Comprehensive Income and Expenditure Statement of equal instalments of the lease premia for many years into the future.

1.12. EMPLOYEE BENEFITS

Benefits Payable During Employment

Salaries, wages and employment related payments are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

Termination Benefits

Termination benefits are employee benefits payable as a result of either:

- ► the Authority'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.

Termination benefits do not provide the Authority with future economic benefits and are recognised in the Comprehensive Income and Expenditure Statement immediately when the liability arises; this occurs when, and only when, the Authority is demonstrably committed to either:

- ► terminate the employment of an employee or group of employees before the normal retirement date; or
- ► provide termination benefits under voluntary termination of employment.

Pensions

The pension related entries that appear in the Authority's financial statements relate to the Authority's financial obligations as an employing Authority within the Local Government Pension Scheme (LGPS). The Authority has employees who are members of the LGPS and teachers who are members of the Teachers Pension Scheme. Different accounting policies are adopted in respect of these schemes based on the application of the 2014/15 Code.

The LGPS is a defined benefit scheme and is recognised in the Balance Sheet, Comprehensive Income and Expenditure Statement and Movement in Reserves Statement.

The Balance Sheet recognises the full liability that the Authority has for meeting the future cost of retirement benefits that will arise from years of service earned by employees up to the Balance Sheet date; net of the asset values generated from the investment of members contributions paid into the Fund. The measurement rules applied to assets and liabilities are:

- ► the scheme's assets are measured at fair value;

1. ACCOUNTING POLICIES (continued) - POLICIES 1.10 ONWARDS RELATE TO THE OTHER STATEMENTS

1.12. EMPLOYEE BENEFITS (continued)

- the scheme's liabilities are measured using the projected unit credit method;

- the liabilities are discounted using the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities i.e. GB pounds sterling.

The Comprehensive Income and Expenditure Statement recognises the cost of retirement benefits as they are earned by employees, rather than when the benefits are paid, therefore the following amounts are charged or credited to the Comprehensive Income and Expenditure Statement:

- current service cost: the increase in liabilities as a result of years of service earned this year - charged to the service expenditure area for which the employees worked;

- past service cost: the increase in liabilities arising from current year decisions whose effect relates to earlier years' service charged to Non-Distributed Costs;

- net interest on the net defined liability - expected interest income on plan assets netted with the expected interest cost on the defined benefit obligation - charged to (surplus) or deficit on provision of services.

- gains and losses on settlements and curtailments: the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited to Net Cost of Services as part of Non-Distributed Costs;

- remeasurement of the net defined liability arise because events have not coincided with the assumptions made at the last actuarial valuation, or because the actuaries have updated their assumptions. These are debited or credited to Other Comprehensive Income;

- contributions paid to the Authority's Pension Fund: cash paid as employers' contributions to the Pension Fund.

The Movement in Reserves Statement removes the charges and credits listed below, which form part of the Pension Fund liability, because statutory provision prohibits them from being chargeable to Council Tax.

- current service cost;
- past service cost;
- net interest on the net defined benefit liability
- expected return on fund assets;
- curtailments and settlements.

The actuaries undertake a full valuation of the Fund at intervals not exceeding three years, and update the valuation at each Balance Sheet date.

For detailed information of the LGPS, a separate set of Pension Fund accounts are prepared by the Authority in discharging its function as a Pensions Administering Authority.

The Teachers' Pension Scheme is a defined benefit scheme. However, the arrangements for this scheme mean that liabilities for the benefits cannot be identified by the Authority. The scheme is therefore accounted for as if it were a defined contribution scheme.

1.13. FINANCIAL INSTRUMENTS

The Authority's financial assets are classified into the following categories:
- fair value through profit or loss;
- loans and debtors;
- available-for-sale.

Fair value through profit or loss financial assets include derivative instruments that have not been designated as effective hedging instruments with any change in the fair value recognised in the surplus or deficit on the provision of services.

Loans and debtors are those financial assets that have fixed or determinable payments and that are not quoted in an active market. Loans and debtors are measured at amortised cost using the 'effective interest rate'. 'Amortised cost' is the amount at which a financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation of any difference between the initial amount and the maturity amount less any reduction for impairment.

1. ACCOUNTING POLICIES (continued) - POLICIES 1.10 ONWARDS RELATE TO THE OTHER STATEMENTS

1.13. FINANCIAL INSTRUMENTS (continued)

The Authority's available-for-sale financial assets are measured at fair value, with fair value gains and losses recognised in Other Comprehensive Income and Expenditure and taken to the Available-for-Sale Reserve. When the Authority derecognises an available-for-sale financial asset, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Available-for-Sale Reserve and recognised in the surplus or deficit on the provision of services.

1.14. PRIVATE FINANCE INITIATIVE (PFI) CONTRACTS

PFI contracts typically involve a private sector entity (the operator) constructing or enhancing an asset used in the provision of a public service, and operating and maintaining that asset for a specified period of time in return for payments made by the Council (the grantor).

The Council accounts for its PFI contracts in accordance with the requirements of IFRIC 12 as interpreted in the HM Treasury issued Financial Reporting Manual (FReM). The Council as the grantor recognises a PFI asset on its Balance Sheet if:

► the asset meets the FReM's definition of an infrastructure asset;

► the Authority controls what services the operator must provide with the asset, to whom they must be provided and at what price;

► the Authority controls any significant residual interest in the asset at the end of the arrangement's term.

Subsequently, the annual unitary payment paid by the Authority to the operator is accounted for in the financial statements of the Authority as a mixture of debt service (principal and interest) and current expenditure on services, that are delivered by the operator in addition to the underlying asset. Further, the Council records depreciation and makes a Minimum Revenue Provision in a way consistent with similarly financed non-current assets.

1.15. LANDFILL ALLOWANCES TRADING SCHEME (LATS)

The Landfill Allowances Trading Scheme gives rise to:

► an asset for allowances held;

► LATS grant income; and

► a liability for actual Biodegradable Municipal Waste (BMW) landfill usage.

LATS allowances held, however acquired, are upon recognition measured at fair value, and reported as assets within the classification of current assets. At the reporting date LATS allowances are remeasured at the lower of cost or net realisable value.

Landfill allowances are issued free by DEFRA. The fair value of the allowances issued to the Authority are accounted for as Government grant.

As landfill is used, a liability is recognised for actual BMW landfill usage. This is a liability that falls within the scope of Provisions, Contingent Liabilities and Contingent Assets. The liability is measured at the present market price, at the reporting date, of the number of allowances required to cover actual BMW landfill usage for the year.

LATS permits can also be traded between Waste Disposal Authorities. This will be at a price agreed between the two parties, and the average price traded throughout the year for all Waste Disposal Authorities is the recommended CIPFA method of valuing the LATS permits issued and used.

1.16. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognised in the Authority's accounts when:

► the Authority has a present obligation (legal or constructive) as a result of a past event;
► it is probable that a transfer of economic benefits will be required to settle the obligation; and
► a reliable estimate can be made of the amount of the obligation.

Provisions are charged to appropriate revenue accounts and are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate required to settle the obligation. See Note 21 for further details.

1. ACCOUNTING POLICIES (continued) - POLICIES 1.10 ONWARDS RELATE TO THE OTHER STATEMENTS

1.16. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

Contingent Liabilities

A contingent liability is:

- ► a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority;
- ► a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- ► the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised within the financial statements, but are disclosed in the notes to the accounts.

Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised within the financial statements, but are disclosed in the notes to the accounts.

1.17. VAT

Output tax is VAT charged on sales, input tax is VAT paid on purchases. Revenue recognised in the Authority's Comprehensive Income and Expenditure Statement, CI&E, is net of all output tax charged on sales; the VAT collected is remitted to HMRC. Purchases are recognised in the CI&E net of VAT to the extent that the VAT is recoverable, any irrecoverable VAT is part of the associated purchase cost. Recoverable VAT is remitted to the Authority by HMRC.

1.18. FOREIGN CURRENCY TRANSLATION

Transactions which are denominated in a foreign currency are translated to sterling at the exchange rate ruling on the date of each transaction.

1.19. OPERATING SEGMENTS

Segmental information is provided to enable users of the financial statements to evaluate the nature and financial effects of the activities in which the Authority engages and the environments in which it operates. This is achieved by providing financial performance data according to how the Authority has been managed, with information corresponding to that used by management in making decisions. Due to an organisational restructure carried out in 2014-15, the segments now reported are "People", "Place" and "Resources". A reconciliation is provided between the financial information reported to management and the financial results in the Comprehensive Income and Expenditure Statement.

1.20. STATUTORY PROVISION FOR THE REPAYMENT OF DEBT

The Minimum Revenue Provision (MRP) is a charge to the General Fund, which reflects the statutory requirement to set aside revenue funds to repay those debts incurred in financing the Authority's fixed assets. Under accounting regulations the diminution in value of fixed assets through use or passage of time is recognised in the Comprehensive Income and Expenditure Statement by a Depreciation Charge. Through MIRS an adjustment is made to the General Fund balance that replaces the depreciation charge with the MRP.

The bases used for calculation of the MRP are as follows:

- ► Regulatory Method, which is used for inherited debt and is a uniform rate of 4% of the Council's Capital Financing Requirement.
- ► Asset Life Method, where the MRP is recognised over the useful economic life of the funded asset.
- ► Depreciation Method, where the MRP is in line with the accounting rules for depreciation of the funded asset.

1. ACCOUNTING POLICIES (continued) - POLICIES 1.10 ONWARDS RELATE TO THE OTHER STATEMENTS

1.21. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as an item of property, plant and equipment. The purpose of this is to enable it to be funded from capital resources rather than charged to the General Fund and impact on that year's Council Tax.

Items classified as such are generally grants and expenditure on property not owned by the Council, and amounts directed under statute.

Expenditure of this kind is charged to the Comprehensive Income and Expenditure Statement in accordance with the general requirements of the 2014/15 Code. Any statutory provision that allows capital resources to meet the expenditure is accounted for by charging it to the Capital Adjustment Account and crediting the General Fund Balance and showing it as a reconciling item in the Movement in Reserves Statement.

1.22. BORROWING COSTS

The Authority does not capitalise borrowing costs. All borrowing costs are expensed in the year they are incurred.

1.23. OVERHEADS

All overhead and support service costs are fully recharged to the service expenditure headings shown in the Comprehensive Income and Expenditure Statement in order to provide a consistent basis for all statutory financial disclosures.

Expenditure on the Corporate and Democratic Core and costs which by their nature are not distributable (Non-Distributed Costs) are recognised separately in the accounts.

1.24. SCHOOLS

The income earned and expenditure incurred by schools is accounted for within the financial statements.

2. ACCOUNTING STANDARDS ISSUED, NOT ADOPTED

The following disclosure provides information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

IFRS 13 Fair Value Measurement - This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to 'assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value. The only change will be in the valuation of surplus property, which will be required to be held at market value, rather than value in existing use as at present. Overall, this standard is not expected to have a material impact on the Statement of Accounts.

IFRIC 21 Levies - This clarifies the recognistion point for the payment of levies as the activity which triggers the payment of the levy. The standard will not have a material impact on the Statement of Accounts.

IFRSs Annual Improvement Cycle (2011 - 2013) - These improvements are minor, principly providing clarrification and will not have a material impact on the Statement of Accounts.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are as follows:

Local Government Funding

There is a high degree of uncertainty about future levels of funding for Local Government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Business Rates

Income from Business Rates will be affected in part by outstanding appeals that have been lodged, or may be lodged in the future. Appeals are made in respect of the rateable value (RV) given to the hereditaments by the Valuation Office Agency (VOA) for the 2010 rating list. The outcomes of appeals on valuation (including both appeals in progress and an estimate of potential future appeals) can only be estimated using methodologies and vulnerability of some types of property to a wide range of valuation opinion and assumptions. The property diversity and the scale of the estimating process therefore carry a degree of risk regarding the accuracy of the resulting appeals provision computed for the Collection Fund within the Statement of Accounts.

Pension Liabilities

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. The actuaries Hymans Robertson LLP provide the Council with an estimation of the pension liability that considers these judgements.

Details of the Pension Fund liability are provided in Note 43 (Pensions - IAS19 and Accounting Code of Practice disclosure notes).

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2015 for which there is a risk of adjustment in the forthcoming financial year are as follows:

Pension Fund Net Liability
The liabilities of the Pension Fund scheme attributable to the London Borough of Croydon 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 and projections of earnings for current employees.

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

Liabilities are discounted to their present value, using a discount rate of 3.1% (based on the indicative rate of return on high quality corporate bonds).

The assets of the scheme attributable to the London Borough of Croydon are included in the Balance Sheet at their fair value:

Quoted securities - current bid price or the last trade price depending upon the convention of the market
Unquoted securities - professional estimate
Unlisted securities - current bid price
Property - market value.

The difference between the two, the net liability, is a notional figure; the result of applying the measurement rules within IAS19. Their purpose is to provide a consistent framework of measurement for all Pension Funds to facilitate comparability. The result from the measurement rules would only become a reality if a Pension Fund invested all of its funds in high quality corporate bonds. This is not the case; the Pension Fund invests in a wide portfolio of assets utilising the skills of professional fund managers with the objective of securing a return sufficient to meet the obligations of the Fund as they fall due.

Property, Plant and Equipment

Property, Plant and Equipment are held on the Balance Sheet at net book value. These assets are depreciated according to the depreciation policy set by the Council, as detailed in the Accounting Policies section of this Statement of Accounts. The useful economic lives of all assets are reviewed annually to ensure that accurate asset values are reflected on the Balance Sheet. This procedure together with the 5 year rolling valuation and formal review of valuation changes each year is values being undertaken to minimise the risk of asset values being mis-stated on the Balance Sheet.

There is always uncertainty in estimating the useful economic life of an asset, but it is expected that drawing upon past experience of useful lives, undertaking annual reviews, and the detailed acquisition plans within the Capital Strategy will minimise the uncertainty.

Allowance for Doubtful Debts

The allowance is estimated based upon the Authority's past experience of collection rates in conjunction with a prudent view of the current economic climate and its possible impact on those collection rates.

5. MATERIAL ITEMS OF INCOME AND EXPENSE AND PRIOR PERIOD ADJUSTMENTS

Material Items of Income and Expense

Material items of income and expense during the year are highlighted to help the reader understand movements in the Consolidated Income and Expenditure Statement. For the purposes of this note, materiality is set at £15m.

Schools converting to academies
During 2014/15 nine schools transferred from London Borough of Croydon ownership to academies owned by private organisations. These schools were transferred as finance leases and as a result their net book value of £72.7m has been de-recognised from property, plant and equipment. This has resulted in a deficit of £72.7m in the Consolidated Income and Expenditure Statement, though this is reversed back out through the MIRS to ensure a nil bottom line impact.

Pensions
The net liability on the Pension Fund has increased by £44.1m. It should be noted that this is not an assessment of the cash value of the funding difference; it is a notional sum that is reversed out through the Local Government accounting mechanism.

CCURV option to buy out of equity arrangement
During 2014/15 the London Borough of Croydon exercised an option to buy itself out of an equity arrangement provided by John Laing (JL) LLP in relation to the construction of Bernard Weatherill House. This in turn triggered the removal of a loan to JL LLP by the London Borough of Croydon. A cost of £19.5m appears as an exceptional item within the Financing and Investment Income and Expenditure line of the CIES, which represents the difference between the loan to JL LLP and the amount owed by LBC. This was offset by a transfer from the CCURV affordability earmarked reserves in 2014/15 of £19.5m

Prior Period Adjustments

There have been two prior period adjustments made to this Statement of Accounts.

► Following a review of schools' control, 7 Foundation schools have now been included within the Council's fixed assets total resulting in additional value of £81.6m in 2013-14. There was a subsequent reduction in fixed asset values as 2 foundation schools converted to academy status in 2013/14 (£22.2m) and 1 further conversion in 2014/15 (£16.9m).

5. MATERIAL ITEMS OF INCOME AND EXPENSE AND PRIOR PERIOD ADJUSTMENTS

► Following the decision to buy out of the equity arrangement with John Laing (JL) LLP, equity provided by JL LLP has been retrospectively treated as capital expenditure within the 2013/14 accounts, as this equity arrangement was directly related to bringing BWH into operational use. It had previously been treated as an annual operating expenditure payment repayable over the life of the asset. A payment of £20.25m has therefore been reflected in the 2013/14 accounts as an increase in fixed assets and capital creditors. The early termination of this arrangement secured a reduction in future costs to the Council.

The following table shows the impact of the prior period adjustments in the 2013/14 accounts. These relate to depreciation, derecognition and revaluations.

	Original 2013/14 £000	Foundation Schools £000	Equity Buyout £000	Total Adjustments £000	Restated 2013/14 £000
Movement In Reserves - Unusable Reserves					
Balance at the end of the previous reporting period	295,199	81,630	-	81,630	376,829
Adjustment between accounting basis and funding basis under regulations	(188,385)	(23,220)	(16,742)	(39,962)	(228,347)
Other comprehensive expenditure and income	104,534	-	(3,508)	(3,508)	101,026
Increase or Decrease in the year	(83,851)	(23,220)	(20,250)	(43,470)	(127,321)
Balance at the end of the current reporting period	211,348	58,410	(20,250)	38,160	249,508
Comprehensive Income & Expenditure Statement					
Education Services	35,831	945	-	945	36,776
Net Cost of Services	341,563	945	-	945	342,508
Other Operating expenditure	129,932	22,275	16,742	39,017	168,949
(Surplus) or Deficit on the provision of services	183,514	23,220	16,742	39,962	223,476
Other comprehensive income and expenditure	(104,534)	-	3,791	3,791	(100,743)
Total Comprehensive income and expenditure	78,980	23,220	20,533	43,753	122,733
Balance Sheet as at 1 April 2013					
Long term assets					
Property, plant and equipment	1,359,378	81,630	-	81,630	1,441,008
Reserves					
Unusable reserves	295,199	81,630	-	81,630	376,829
Balance Sheet as at 31 March 2014					
Long term assets					
Property, plant and equipment	1,457,386	58,410	-	58,410	1,515,796
Current Liabilities					
Short term creditors and receipts in advance	(112,106)	-	(20,250)	(20,250)	(132,356)
Reserves					
Unusable reserves	211,350	58,410	(20,250)	38,160	249,510

6. EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Assistant Chief Executive, Resources and Section 151 Officer on 25 September 2015. There were no events affecting the 2014/15 accounts that occurred between 1 April and the date of signing the accounts.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note provides further details as to the make up of the relevant line in the Movement In Reserves Statement (Page 13)

2014/15	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Major Repairs Reserve £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non-current assets	30,610	14,463				(45,073)
Revaluation movements on Property, Plant and Equipment	55,809					(55,809)
Imapairments/revaluation gains reversing lossess previously charged to CI&ES	(16,530)					16,530
Movements in the market value of Investment Properties and Assets held for Sale	4,102					(4,102)
Amortisation of intangible assets	3,352	26				(3,378)
Capital grants and contributions applied	(61,402)	(540)				61,942
Revenue expenditure funded from capital under statute	51,174	5,076				(56,250)
Long-term Debtors written-out						0
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	87,476	4,745				(92,221)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	(14,595)					14,595
Capital expenditure charged against the General Fund and HRA balances		(13,368)				13,368
	139,996	10,402	0	0	0	(150,398)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Application of grants to capital financing transferred to the Capital Adjustment Account				(876)		876
Transfer into Capital Grants Unapplied	(123)			123		0
	(123)	0	0	(753)	0	876
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(383)	(12,700)	13,083			0
Use of the Capital Receipts Reserve to finance new capital expenditure			(2,982)			2,982
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool		1,841	(1,841)			0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash			62			(62)
Lessor leases - Regulation 4 Mitigation	25					(25)
	(358)	(10,859)	8,322	0	0	2,895
Adjustments primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA		(17,461)			17,461	0
Use of the Major Repairs Reserve to finance new capital expenditure					(16,983)	16,983
	0	(17,461)	0	0	478	16,983
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(86)	(98)				184
	(86)	(98)	0	0	0	184
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 43)	36,931	3,974				(40,905)
Employer's pensions contributions and direct payments to pensioners payable in the year	(24,562)	(2,643)				27,205
	12,369	1,331	0	0	0	(13,700)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which Council Tax and NNDR income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(3,161)					3,161
	(3,161)	0	0	0	0	3,161
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(715)	(32)				747
	(715)	(32)	0	0	0	747
Total Adjustments	147,922	(16,717)	8,322	(753)	478	(139,252)

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note provides further details as to the make up of the relevant line in the Movement In Reserves Statement (Page 13)

2013/14	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Major Repairs Reserve £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non-current assets	33,133	(2,471)	0	0	2,471	(33,133)
Revaluation movements on Property, Plant and Equipment	42,871	(1,257)	0	0	0	(41,614)
Movements in the market value of Investment Properties and Assets held for Sale	(2,677)	0	0	0	0	2,677
Amortisation of intangible assets	3,840	29	0	0	0	(3,869)
Capital grants and contributions applied	(60,614)	(603)	0	342	0	60,875
Revenue expenditure funded from capital under statute	50,799	31,816	0	0	0	(82,615)
Long-term Debtors written-out	4,721					(4,721)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	138,287	1,695	0	0	0	(139,982)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment	(11,920)	0	0	0	0	11,920
Capital expenditure charged against the General Fund and HRA balances	(2,938)	(7,784)	0	0	0	10,722
	195,502	21,425	0	342	2,471	(219,740)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	0	(160)	0	160
	0	0	0	(160)	0	160
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(10,394)	(4,453)	14,847	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	(5,145)	0	0	5,145
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	0	1,627	(1,627)	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	59	0	0	(59)
Lessor leases - Regulation 4 Mitigation	23	0	0	0	0	(23)
	(10,371)	(2,826)	8,134	0	0	5,063
Adjustments primarily involving the Major Repairs Reserve:						
Major Repairs Allowance credited to the HRA	0	14,463	0	0	0	(14,463)
Reversal of Major Repairs Allowance credited to the HRA	0	(14,463)	0	0	14,463	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	0	(16,457)	16,457
	0	0	0	0	(1,994)	1,994
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(86)	(393)	0	0	0	479
	(86)	(393)	0	0	0	479
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 43)	14,410	1,513	0	0	0	(15,923)
Employer's pensions contributions and direct payments to pensioners payable in the year	(243)	(25)	0	0	0	268
	14,167	1,488	0	0	0	(15,655)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which Council Tax and NNDR income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	1,073	0	0	0	0	(1,073)
	1,073	0	0	0	0	(1,073)
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(426)	0	0	0	0	426
	(426)	0	0	0	0	426
Total Adjustments	199,859	19,694	8,134	182	477	(228,346)

8. TRANSFERS TO / FROM EARMARKED RESERVES

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

	Balance at 1 April 2013 £000	Movement In 2013/14 £000	Balance at 31 March 2014 £000	Movement In 2014/15 £000	Balance at 31 March 2015 £000
General Fund - Schools:					
Balances held by schools under a scheme of delegation	13,789	(2,484)	11,305	(1,605)	9,700
General Fund - Non Schools					
ICT Contract Transition Reserve	1,000	0	1,000	(1,000)	0
IT Technology Fund Reserve	0	4,746	4,746	(4,746)	0
Croydon Challenge	4,112	(1,890)	2,222	1,719	3,941
Revolving Investment Fund Reserve	0	2,341	2,341	(235)	2,106
Efficiency Dividend Reserve	0	3,226	3,226	(3,226)	0
New Administration Priorities Reserve	0	2,886	2,886	(651)	2,235
Budget Support Reserve 2014/15	0	2,586	2,586	(2,586)	0
Insurance Reserve	0	0	0	739	739
CCURV Affordability Reserve	18,173	(4,756)	13,417	(13,417)	0
Unaccompanied Asylum Seekers Grant Reserve	1,500	216	1,716	(500)	1,216
Economic Development Reserve	2,308	(1,141)	1,167	(573)	594
Reablement Reserve	2,009	(395)	1,614	(859)	755
Welfare Reform Reserve	790	239	1,029	(1,029)	0
Redundancy Reserve	3,005	(1,309)	1,696	(651)	1,045
Ring Fenced Public Health Grant	0	0	0	2,254	2,254
Troubled Families Grant Reserve	730	0	730	797	1,527
Street Lighting PFI Sinking Fund Reserve	3,126	1,558	4,684	4,047	8,731
Other Reserves under £0.5m	23,294	(11,192)	12,102	(7,661)	4,441
Sub-total Non Schools	60,047	(2,885)	57,162	(27,578)	29,584
Total Earmarked Reserves	73,836	(5,369)	68,467	(29,183)	39,284

	Balance at 1 April 2013 £000	Movement In 2013/14 £000	Balance at 31 March 2014 £000	Movement In 2014/15 £000	Balance at 31 March 2015 £000
HRA:					
New Build Housing	5,595	1,446	7,041	4,231	11,272
Housing Repairs Fund	0	0	0	0	0
Major Repairs Reserve	470	477	947	478	1,425
Contingency Reserve	3,769	0	3,769	226	3,995
Total	9,834	1,923	11,757	4,935	16,692

8. TRANSFERS TO / FROM EARMARKED RESERVES (continued)

8.1 Earmarked Reserves - Explanations

The Council has established various reserves for specific purposes. The amounts, purposes and objectives of these reserves are summarised below:

School Balances (£9.700m)
School have decreased by £1.605m to £9.700m. The decrease in reserves is largely due to a number of schools converting to academies. There are seven schools with a revenue deficit. Action plans are agreed with schools in deficit to ensure that they return to a balanced position.

Croydon Challenge (£3.941m)
The Croydon Challenge Reserve is funding to support the delivery of the transformation programme. This includes the Transformation Reserve previously shown in the 2013/14 accounts.

Revolving Investment Fund Reserve (£2.106m)
The Revolving Investment Fund has decreased by £0.235m to £2.106m and is set aside to fund the up-front costs of the schemes within the investment fund.

New Administration Priorities Reserve (£2.235m)
This reserve has decreased by £0.651m to £2.235m. The New Administration policies reserve is set aside to support key initiatives of the administration.

Insurance Reserve (£0.739m)
This reserve is to cover possible future claims that cannot be estimated relating to Municipal Mutual Insurance Ltd.

Unaccompanied Minors Asylum Seekers Grant (£1.216m)
The Unaccompanied Minors Asylum Seekers Grant has decreased by £0.5m to £1.216m and is set up to manage the council's spend on asylum seekers. There is a risk that the costs funded by the Home Office reduce in future years.

Economic Development Reserve (£0.594m)
This reserve has decreased by £0.573m to £0.594m. The Economic Development Reserve is set up to support key economic development initiatives.

Reablement Grant (£0.755m)
The Re-enablement Grant has decreased by £0.859m to £0.755m. This is earmarked to support improvements in adult social care working with the NHS.

Redundancy Reserve (£1.045m)
This reserve has decreased by £0.651m to £1.045m. The Redundancy reserve is to fund redundancy costs associated with budget savings.

Ring Fenced Public Health Grant (£2.254m)
This Ring Fenced Public Health Grant represents grant not yet spent.

Troubled Families & Payment By Results Programme (£1.527m)
This has increased by £0.797m to £1.527m. The troubled family programme has a timing difference between income and expenditure and therefore income needs to be carried forward.

Street Lighting PFI Sinking Fund (£8.731m)
The Street Lighting PFI Sinking Fund has increased by £4.047m to £8.731m. This is to manage the costs and income of the PFI contract over 25 years.

Other Reserves (£4.441m)
This includes other reserves with a balance of less than £0.500m as at 31st March 2015 and those which had no movement greater than £1.000m during the financial year.

9. OTHER OPERATING EXPENDITURE

This note details the component elements of the Other Operating Expenditure section of the Comprehensive Income and Expenditure Statement

	2014/15 £000	2013/14 £000
Levies	1,398	1,471
Payments of Housing capital receipts to Government pool	1,841	1,627
(Gain)/loss on disposal of non-current assets	79,139	125,135
(Gain)/loss on revaluation of non-current assets	39,279	40,716
Total	121,657	168,949

A levy is the act of an imposing or collecting an amount of money, as of a tax, by an authority. The money raised is used to meet expediture on various projects. Some of the levies are often apportioned between various authorities. Levies are owed to the following authorities: the Financial Reporting Council - Preparers Levy; London Councils - London Boroughs Grants Scheme; Environment Agency; Lee Valley Regional Park Authority; and the London Pensions Fund Authority.

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

This note details the component elements of the Finance and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

	2014/15 £000	2013/14 £000
Interest payable and similar charges	39,155	37,616
Interest receivable and similar income	(6,519)	(6,348)
Premium on early repayment of debt	134	171
Changes in fair value of investment properties	4,101	(1,779)
Rent received from investment properties	(180)	(1,107)
Exceptional item - JL LLP Equity Payment (see Note 5)	19,550	-
Net Interest on the net defined liability	46,300	53,238
Expected Return on Pension Assets	(25,591)	(29,481)
Interest received on finance leases (lessor)	(223)	(176)
(Surplus) / deficit on trading undertakings	144	108
Total	76,871	52,242

11. TAXATION AND NON-SPECIFIC GRANT INCOME

	2014/15 £000	2013/14 £000
Credited to Taxation and Non-Specific Grant Income		
Recognised Capital Grants and Contributions	23,539	30,728
Council Tax Income	134,193	131,317
National Non-Domestic Rates (NNDR)	64,370	63,095
Revenue Support Grant	80,505	97,229
Non-service Related Government Grants (Note 32, page 60)	22,463	17,854
Taxation and Non-Specific Grants	325,070	340,223

12. PROPERTY, PLANT AND EQUIPMENT

This note sets out the changes in gross and net book value of the above groups of assets during 2014/15.

2014/15	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infra-structure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total PPE £000	PFI Assets Included in PPE £000
Net Book Value at 1 April 2014	630,416	777,240	2,466	99,269	6,405	11,288	15,779	1,542,863	47,813
Gross Book Value at 1 April 2014	884,135	801,788	40,989	178,740	8,078	11,444	15,779	1,940,953	67,540
Additions	36,521	17,794	382	30,831	125	0	7,896	93,549	13,993
Revaluation increase/(decrease) recognised in the Revaluation Reserve	76,521	83,689	0	0	0	1,726	0	161,936	(665)
Revaluation increase/(decrease) recognised in the Surplus/Deficit on the Provision of Services	0	(48,110)	0	0	0	(1,597)	0	(49,707)	4,813
Derecognition - Disposals	(6,807)	(83)	(21)	0	0	0	0	(6,911)	0
Derecognition - Other	0	(81,932)	0	0	0	(725)	(7,491)	(90,148)	0
Assets reclassified (to)/from held for sale	0	0	0	0	0	4,653	0	4,653	0
Transfers/Reclassifications	0	7,022	0	0	0	0	(7,022)	0	0
Other Movements in cost or valuation	0	0	0	0	0	0	0	0	0
Gross book value 31 March 2015	990,370	780,168	41,350	209,571	8,203	15,501	9,162	2,054,325	85,681
Accumulated Depreciation and Impairment at 1 April 2014	253,719	24,548	38,523	79,471	1,673	156	0	398,090	19,727
Depreciation for year	13,985	16,129	1,633	12,713	549	64	0	45,073	1,420
Depreciation written out to the Revaluation reserve	(13,911)	(17,807)	0	0	0	(50)	0	(31,768)	(848)
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	(10,428)	0	0	0	0	0	(10,428)	(5,025)
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	(2,061)	(9)	(17)	0	0	0	0	(2,087)	0
Derecognition - Other	0	(2,750)	0	0	0	0	0	(2,750)	0
Transfers/Reclassifications	0	0	0	0	0	0	0	0	0
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0	0	0
Accumulated Depreciation and Impairment 31 March 2015	251,732	9,683	40,139	92,184	2,222	170	0	396,130	15,274
Net book value 31 March 2015	738,638	770,485	1,211	117,387	5,981	15,331	9,162	1,658,195	70,407

Council Dwellings
Council dwellings are valued at less than market value, as directed by Government. See HRA Note 2 (page 78) for more details.

Depreciation
The depreciation policy is set out under the Statement of Accounting Policies (page 22).

12. PROPERTY, PLANT AND EQUIPMENT

2013/14	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infra-structure Assets £000	Community Assets £000	Surplus Assets £000	Assets under Construction £000	Total PPE £000	PFI Assets Included in PPE £000
Net Book Value at 1 April 2013	579,994	756,281	6,078	92,827	5,828	11,942	147,243	1,600,193	44,668
Gross Book Value at 1 April 2013	834,424	783,167	40,809	159,586	6,952	12,110	147,243	1,984,291	62,098
Additions	0	65,447	219	19,154	1,126	0	15,612	101,558	5,442
Revaluation increase/(decrease) recognised in the Revaluation Reserve	50,518	(6,274)	0	0	0	(86)	0	44,158	0
Revaluation increase/(decrease) recognised in the Surplus/Deficit on the Provision of Services	1,257	(52,021)	0	0	0	(339)	0	(51,103)	0
Derecognition - Disposals	(2,439)	0	(39)	0	0	0	0	(2,478)	0
Derecognition - Other	0	(122,264)	0	0	0	(1,076)	(5,634)	(128,974)	0
Assets reclassified (to)/from held for sale	0	(7,100)	0	0	0	1,015	0	(6,085)	0
Transfers/Reclassifications	375	140,833	0	0	0	(180)	(141,028)	0	0
Other Movements in cost or valuation	0	0	0	0	0	0	(414)	(414)	0
Gross book value 31 March 2014	884,135	801,788	40,989	178,740	8,078	11,444	15,779	1,940,953	67,540
Accumulated Depreciation and Impairment at 1 April 2013	254,430	26,887	34,731	66,759	1,124	168	0	384,099	17,430
Depreciation for year	13,985	16,463	3,824	12,712	549	62	0	47,595	2,297
Depreciation written out to the Revaluation reserve	(13,985)	(5,749)	0	0	0	0	0	(19,734)	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	(9,462)	0	0	0	(26)	0	(9,488)	0
Impairment Losses/(Reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
Derecognition - Disposals	(744)	0	(32)	0	0	0	0	(776)	0
Derecognition - Other	0	(3,570)	0	0	0	(36)	0	(3,606)	0
Transfers/Reclassifications	33	(21)	0	0	0	(12)	0	0	0
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0	0	0
Accumulated Depreciation and Impairment 31 March 2014	253,719	24,548	38,523	79,471	1,673	156	0	398,090	19,727
Net book value 31 March 2014	630,416	777,240	2,466	99,269	6,405	11,288	15,779	1,542,863	47,813

12. PROPERTY, PLANT AND EQUIPMENT (continued)

EFFECTS OF CHANGES IN ESTIMATES

Due to ongoing requirements to streamline the production of the accounts, in 2014/15, the Authority revised the basis by which depreciation is calculated. Previously depreciation was calculated based on an asset's value at year end. In 2014-15 the depreciation charge was calculated using the asset's value at 1 April 2014. The revision led to a decrease in depreciation of £2.0m

REVALUATIONS

The Authority carries out a rolling programme to ensure all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Valuation of Other Land and Buildings were carried out by external valuers Mouchel, covering over 50% of buildings by value. Additionally, an internal annual review was undertaken to determine if there were any material changes to Plant, Property and Equipment as at 31 March 2015 for assets not revalued in 2014/15.

Using the valuation data from the rolling programme, as well as additional specific external revaluations obtained during 2014/15 the internal review identified there had been a material increase in the value of Land and Buildings. Consequently, the Council's Internal valuations team carried out a desk top review of relevant asset categories, to calculate the revaluation changes needed to ensure assets remain stated at fair value.

All valuations were carried out in accordance with the methodologies and bases for estimation set in the professional standards of the Royal Institution of Chartered Surveyors. All valuations were as at 31 March 2015.

The valuations of Council dwellings were undertaken externally by Mouchel as at 31 March 2015. These valuations were carried out in accordance with the methodologies and bases for estimation set out in:

- ► the professional standards of the Royal Institution of Chartered Surveyors; and
- ► the Stock Valuation for Resource Accounting Guidance for Valuers 2010 from the Department for Communities and Local Government.

CAPITAL COMMITMENTS

Capital schemes with significant contractual commitments for future capital expenditure:

Department	Capital Scheme	Estimated Total Cost £000
People	Primary Capital Programme	20,886
	Acadamies Programme	4,519
	Secondary Schools	5,451
Place	Public Realm	6,229
	East Croydon Link Bridge	1,200
	Total Cost	38,285

13. HERITAGE ASSETS

The Carrying Value of Heritage Assets Held by the Authority:

	Riesco Collection £000	Art Collection £000	Art in Public Buildings £000	Other Assets £000	Total Assets £000
Assets at Valuation					
1 April 2014	2,714	162	0	0	2,876
Additions					0
Disposals					0
Revaluations		277			277
31 March 2015	2,714	439	0	0	3,153

The Riesco Collection
209 objects from the Riesco Gallery of Chinese ceramics are on display in the Riesco Gallery at Croydon Clocktower. These date from 2,500BC to the 19th century and came into the ownership of the Council in 1965, following the death of their collector, Raymond Riesco.

There have been no additions, disposals or revaluations in 2014/15.

Croydon Art Collection
Approximately 2,500 framed and unframed artworks are held in the Museum Stores at Croydon Clocktower. Selected works from this collection are displayed in two exhibitions per year in the Exhibition Gallery at Croydon Clocktower. No recent valuation is available for the entire collection. In 2014-15, a total of 99 selected works were valued for the purposes of insurance while on display at £404,700, with valuations ranging from £60 - £50,000.

Artwork in Public Buildings
There are a number of works of art displayed in the Town Hall and other Council buildings. At present there is neither an inventory or a valuation for this collection.

Other Assets

Other Museum Collections
The collections in store, which are owned by the Borough, are of low financial value and form part of the collections on display due to their cultural value.

The Borough Archives and Local Studies Collections
Together, the material in these collections forms an irreplaceable historical and cultural asset that, due to their nature, would be very difficult to value. The collections are located in the Archive stores and former local studies library at Croydon Clocktower, with public access provided through the Research Room in the same venue.

Shirley Windmill
Shirley Windmill, is a Tower Mill, built by Richard Alwen in 1854, to replace the first mill on the site built by his grandfather, William Alwen, in 1808, after it was burnt by fire in 1854. The windmill was valued by DTZ using existing use value in 2001/02 at de minimis value. It is not practicable to provide a revised valuation at a cost which is commensurate to users of the financial statements; the assets are therefore held on the Balance Sheet at the 2001/02 existing use value. Shirley Windmill, whilst owned by Croydon Council, is staffed and managed by the Friends of Shirley Windmill.

Water Tower at Park Hill
The water tower at Park Hill Recreation Ground, built in 1867, was designed by Baldwin Latham, the Borough Engineer, in a brick Norman style. It was awarded grade 2 listed status in 1970. It has not been valued, neither is it practical to provide a valuation at cost.

Further Information on the Museum's Collections

Heritage Policy
The Museum of Croydon's "Collections Development Policy" was last approved by the Cabinet member under his delegated powers, on 3 June 2013. This policy defines the extent and nature of the museum collections along with the process for the acquisition and disposal of objects. In 2015-16, a similar document will be developed, and submitted for approval, for the Borough's archives and local studies collections, to inform Croydon's application for Archives Service Accreditation, which will be submitted to The National Archives by 2017.

13. HERITAGE ASSETS (continued)

Access Policy
In terms of an Access Policy, there is at present no single document, although the Authority clearly communicates to customers how they can access the collections. In practice there are three ways of accessing the collections:

1. Visiting public spaces: the Museum of Croydon, Riesco Gallery and the Local Studies Library and Archives (LSL&A), all at the Croydon Clocktower;
2. By prior appointment for collections held in store: including the Borough Archive, Croydon Art Collection, Oral History Collection and pre-1800 social-history collection;
3. Through the website: www.museumofcroydon.com provides virtual access to the collections on display in the Museum of Croydon gallery, although it should be noted that many of the items on display in this gallery are on loan from other institutions and individual donors and therefore are not formally owned by the Borough.

Opening hours for the Museum's galleries and LSL&A and access arrangements for viewing the stored collections are advertised through www.museumofcroydon.com, the Council website and hard copy promotional material.

14. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure section in the Comprehensive Income and Expenditure Statement and through an adjustment in the Movement in Reserves Statement.

	2014/15 Total £000	2013/14 Total £000
Rental income from investment property:		
Commercial rents - other than finance leases	180	1,107
Commercial rents - finance leases:		
Interest received on finance leases	223	176
Regulation 4 mitigation on finance lease capital receipts	22	23
Net gain/(loss)	425	1,306

Commercial rents - other than finance leases
These are rents earned from investments properties let under leases other than finance leases.

Commercial rents - finance leases
The Authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term of the lease and the residual value, if any, anticipated for the property when the lease comes to an end. The minimum lease payments comprise:

- Interest received on finance leases;
- Regulation 4 mitigation on finance lease income.

Lessor Leases - Regulation 4 Mitigation
The effect of converting an operating lease to a finance lease means that some of what was accounted for as revenue would now become a capital receipt, as it pays off the debtor. However, mitigation for circumstances such as this is provided by a statutory instrument; Local Authorities (Capital and Finance Accounting) (England) (Amendment) Regulations 2010. The regulation requires receipts which have previously been accounted for as revenue to continue to be accounted for as revenue for the duration of the agreement. This is achieved by an entry in the Movement In Reserves Statement that re-instates to the General Fund that element of the receipt treated as capital; the Capital Adjustment Account is the opposite entry.

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal except for the properties in Imperial Way. The properties in Imperial Way were transferred to the London Borough of Croydon (LBC) from the London Borough of Sutton (LBS) due to a boundary change in 1994. Following an application to the High Court by LBS, the High Court decided that Sutton was entitled to all the rental from the rent levels prevailing at the date of the boundary change and half from any subsequent increase. Consequently, LBC's only entitlement from its freehold interest in Imperial Way is one half of the rental produced from any increase in rental subsequent to the boundary change.

The Authority has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

It is not possible to disclose the direct operating expenses arising from investment property; the expenses of property management are not yet separately recorded between property classes.

14. INVESTMENT PROPERTIES (continued)

The following table summarises the movement in the fair value of investment properties over the year:

	2014/15 Total £000	2013/14 Total £000
Balance at start of the year	26,013	24,234
Additions:		
Purchases	0	0
Construction	0	0
Subsequent expenditure	0	0
Disposals	0	0
Net gains/losses from fair value adjustments	(4,101)	1,779
Transfers:		
to/from Property, Plant and Equipment	0	0
Other changes	0	0
Balance at end of the year	21,912	26,013

15. INTANGIBLE ASSETS

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

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. Currently this is set at five years for every intangible asset.

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

	2014/15			2013/14		
	Internally Generated Assets £000	Other Assets £000	Total £000	Internally Generated Assets £000	Other Assets £000	Total £000
Balance at start of year:						
Gross carrying amounts	0	25,833	25,833	0	20,174	20,174
Accumulated amortisation	0	(12,691)	(12,691)	0	(8,822)	(8,822)
Net carrying amount at start of year	0	13,142	13,142	0	11,352	11,352
Additions:						
Purchases	0	2,641	2,641	0	5,245	5,245
Amortisation for the period	0	(3,378)	(3,378)	0	(3,869)	(3,869)
Other changes - cost	0	(2,621)	(2,621)	0	414	414
Other changes - amortisation	0	2,621	2,621	0	0	0
Net carrying amount at end of year	0	12,405	12,405	0	13,142	13,142
Comprising:						
Gross carrying amounts	0	25,853	25,853	0	25,833	25,833
Accumulated amortisation	0	(13,448)	(13,448)	0	(12,691)	(12,691)
	0	12,405	12,405	0	13,142	13,142

There are no intangible assets that are individually material, over £15million gross carrying value, to the financial statements.

16. FINANCIAL INSTRUMENTS

Accounting regulations require the 'financial instruments' (investment, lending and borrowing of the Council) shown on the Balance Sheet to be further analysed into various defined categories. The investments, lending and borrowing disclosed in the Balance Sheet are made up of the following categories of 'financial instruments'.

FINANCIAL INSTRUMENTS BALANCES

	31 March 2015 £000	31 March 2014 £000	31 March 2015 £000	31 March 2014 £000
	Non-Current		Current	
Borrowings				
Financial liabilities at amortised cost	695,815	657,241	69,530	69,535
Financial liabilities at fair value through profit and loss	0	0	0	0
Fair value through profit and loss	0	0	0	0
Other borrowing (finance lease and PFI)	70,855	169,530	(3,982)	(3,051)
Total borrowings	766,670	826,771	65,548	66,484
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities carried at contract amount (see Note 20)	0	0	90,475	104,893
Creditors that are not a financial instrument	0	0	32,216	27,463
Total Creditors	0	0	122,691	132,356
Financial liabilities at amortised cost - cash and cash equivalents	0	0	19,521	21,711

	Non-Current		Current	
Investments				
Loans and debtors	25,000	0	70,000	115,456
Available-for-sale financial assets	0	0	0	0
Fair value through profit and loss	20,000	0	0	0
Unquoted equity available-for-sale	7,806	7,040	0	0
Total Investments	52,806	7,040	70,000	115,456
Loans and debtors	4,309	134,756	0	0
Financial assets carried at contract amounts (see Note 17)	0	0	122,548	140,377
Debtors that are not financial instruments	0	0	(4,639)	(46,046)
Total Debtors	4,309	134,756	117,909	94,331
Loans and debtors - cash and cash equivalents	0	0	6,065	87

Notes

1. Financial liabilities at amortised costs: Under accounting requirements the carrying value of the financial instrument value is shown in the Balance Sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

2. All operational creditors and debtors are due for settlement within one year. Debtors and creditors falling within this definition are disclosed elsewhere in the Balance Sheet.

3. Total PFI and finance lease liabilities has increased to £59.067m (£47.270m in 2013/14).

4. Investments in CCURV LLP of £7.806m (£7.040m in 2013/14) are included within the unquoted equity available-for-sale financial assets. The nature of the investment cannot be deemed as a loan and debtor or fair value through profit or loss financial asset therefore the default category for this investment is as an available-for-sale asset.

Financial Instruments - Gains / Losses	Financial Liabilities	Financial Assets			2014/15
	Liabilities Measured at Amortised Cost £000	Loans and Debtors £000	Available -for-sale Assets £000	Fair Value Through P&L £000	Total £000
Interest expense	39,155				39,155
Losses on derecognition					0
Impairment losses					0
Interest payable and similar charges	39,155	0	0	0	39,155
Interest income		(6,744)			(6,744)
Gains on derecognition					0
Interest and investment income	0	(6,744)	0	0	(6,744)

16. FINANCIAL INSTRUMENTS (continued)

FAIR VALUE OF ASSETS AND LIABILITIES CARRIED AT AMORTISED COST

The fair value of each class financial assets and liabilities which are carried in the Balance Sheet at amortised cost is disclosed below.

Methods and Assumptions in Valuation Technique

The fair value of an instrument is determined by calculating the Net Present Value (NPV) of future cash flows, which provides an estimate of the value of payments in the future in today's terms.

The discount rate used in the NPV calculation is the rate applicable in the market on the date of valuation for an instrument with the same structure, terms and remaining duration. For debt, this will be the new borrowing rate since premature repayment rates include a margin which represents the lender's profit as a result of rescheduling the loan; this is not included in the fair value calculation since any motivation other than securing a fair price should be ignored.

The rates quoted in this valuation were obtained by the Council's Treasury Management consultants, Capita Asset Services, from the Money Markets on 31 March, using bid prices where applicable. The calculations are made with the following assumptions:

- ► For Public Works Loans Board (PWLB) debt, the discount rate used is the rate for new borrowing as per the rate sheet in force on 31 March;
- ► For other market debt and investments the discount rate used is the rates available for an instrument with the same terms from a comparable lender;
- ► No early repayment or impairment is recognised;
- ► Fair value calculations have been done for all instruments in the portfolio, but only those which are materially different from the carrying value have been disclosed;
- ► The fair value of trade and other receivables or instruments with a maturity of less than 12 months is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

FAIR VALUE OF LIABILITIES CARRIED AT AMORTISED COST	31 March 2015		31 March 2014	
	Carrying Amount £000	**Fair Value £000**	**Carrying Amount £000**	**Fair Value £000**
PWLB - maturity	578,366	664,891	558,365	529,415
Lender Option Borrower Options (LOBOs)	140,494	172,877	140,494	133,526
Stock issues	318	347	318	267
Bank overdraft	19,521	19,521	17,389	17,431
Other borrowings	46,170	46,432	25,395	25,062
Non-current creditors	0	0	0	0
Financial Liabilities	784,869	904,068	741,961	705,701

Fair value is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date. The commitment to pay interest above current market rates increases the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

FAIR VALUE OF ASSETS CARRIED AT AMORTISED COST	31 March 2015		31 March 2014	
	Carrying Amount £000	**Fair Value £000**	**Carrying Amount £000**	**Fair Value £000**
Cash	0	0	0	0
Money Market Loans	6,065	6,132	88	88
Deposits with banks and other Local Authorities	95,000	95,547	115,456	115,500
Long-term debtors	4,309	4,309	134,756	134,756
Financial Assets	105,374	105,988	250,300	250,344

The fair value is higher than the carrying amount because the Council's portfolio of investments includes a few fixed rate investments where the interest rate receivable is higher than the rates available for similar investments at the Balance Sheet date.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

17. DEBTORS, PAYMENTS IN ADVANCE (PIA) AND ALLOWANCE FOR DOUBTFUL DEBT

The amounts receivable at the reporting date are shown in the table below:

	2014/15				2013/14
	Debtors	PIA	Allowance for Doubtful Debt	Total	
	£000	£000	£000	£000	£000
Central Government bodies	17,999	21	0	18,020	14,012
Other Local Authorities	12,011	576	0	12,587	11,848
NHS bodies	1,174	0	0	1,174	1,210
Public corporations and trading funds	1,107	0	0	1,107	8
Other entities and individuals	127,092	12,199	(54,269)	85,022	67,252
Total	159,383	12,796	(54,269)	117,910	94,330

18. CASH AND CASH EQUIVALENTS

	2014/15 £000	2013/14 £000
Cash held	107	115
Bank current accounts	(19,628)	(21,826)
Short-term deposits with building societies and Money Market Funds	6,065	88
Total	(13,456)	(21,623)

19. ASSETS HELD FOR SALE

	2014/15 £000	2013/14 £000
Balance at start of the year	11,753	4,770
Assets newly classified as held for sale:		
Property, Plant and Equipment	0	7,185
Revaluation gains	0	898
Assets declassified as held for sale:		
Property, Plant and Equipment	(4,653)	(1,100)
Assets sold	0	0
Balance outstanding at year end	7,100	11,753

20. CREDITORS AND RECEIPTS IN ADVANCE (RIA)

	2014/15			2013/14
	Creditors	RIA	Total	
	£000	£000	£000	£000
Central Government bodies	4,928	9,387	14,315	20,491
Other Local Authorities	4,411	1,831	6,242	7,855
NHS bodies	1,875	1,754	3,629	2,036
Public corporations and trading funds	870	17	887	51
Other entities and individuals	78,391	19,227	97,618	81,673
Prior year adjustment (see below)	-	-	0	20,250
Total	90,475	32,216	122,691	132,356

A prior year adjustment was made to the 2013/14 creditors in respect of a £20.25million payment made in 2014/15 to buy out the equity arrangment with John Laing LLP. Further details are given in note 4 of the Notes to the Financial Statements.

21. PROVISIONS

	Insurance £000	NNDR Appeals £000	Other Provisions £000	Total £000
Balance at 1 April 2014	8,454	1,739	1,271	11,464
Amounts used in 2014/15	(2,475)	0	(317)	(2,792)
Additional provisions made in 2014/15	2,164	301	570	3,035
Provisions released in 2014/15	(1,743)	0	0	(1,743)
Balance at 31 March 2015	6,400	2,040	1,524	9,964

Insurance Provision

In line with most other Local Authorities, the Council aims to be self-insuring (i.e. meeting claims out of our own funds) for all but catastrophe risks for which cover is purchased on the external insurance market.

To this end, an insurance fund is maintained in order to underwrite a substantial proportion of the Council's insurable risks including damage to Council and school property and contents, consequential loss, theft, civic regalia, motor accidents and liability claims made by members of the public, customers or employees of the Council. The fund covers claims up to our excess of £250,000 (£125,000 for motor vehicles), with a maximum yearly exposure to £1.25 million on property and £1.25 million on liability. Premiums are paid into the fund by the Council service centres, with them being based on commercial rates. By utilising an insurance fund, external insurance premiums are kept to a minimum.

The self insurance fund is reviewed on an annual basis to ensure that it has sufficient balances to cover existing and potential future claims. The Insurance team also work closely with the Risk Management section to identify and manage risks in order to further reduce the likelihood of claims.

In addition, the Council is a founder member of the Insurance London Consortium, a group of nine London Boroughs working to a shared agenda. Through the development and sharing of risk management information and associated policies and procedures, the Consortium is creating best practice in this area and looking to reduce the burden of self-insured losses (the majority of cost and losses).

NNDR Appeals

The National Non-Domestic Rates (NNDR) appeals relate to appeals made by businesses to the Valuation Office Agency (VOA) to have their local rateable values reduced which in turn reduces the NNDR collectable by the Council. Croydon Council has a 30% share of all NNDR income after all relevant allowances, reliefs and costs of collection. The NNDR appeal provision is therefore Croydon's share of the expected loss in NNDR net income due to VOA appeals.

Other Provisions

Other provisions are shown under this heading. No individual provision in this category exceeds £0.5m.

22. USABLE RESERVES

This section provides details of the Council's Usesable Reserves, summarised below:

	2014/15 £000	2013/14 £000
General Fund	10,677	11,597
Housing Revenue Account	15,267	10,810
Earmarked reserves	39,284	68,467
Capital receipts reserve	18,100	9,778
Capital grants unapplied	3,620	4,373
Major repairs reserve	1,425	947
	88,373	105,972

22.1. General Fund

The General Fund Balance at 31 March 2015 is £10.677m (31 March 2014: £11.597m).

22.2. Housing Revenue Account and Major Repairs Reserve

The Housing Revenue Account Balance at 31 March 2015 is £16.692m (31 March 2014: £11.757m). This figure is made up of the surplus of £15.267m (31 March 2014: £10.810m) and the Major Repairs Reserve of £1.425m (31 March 2014: £0.947m). Further details are given in the HRA Statements (Page 76)

22.3. Earmarked Reserves

The Council keeps a number of reserves on the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice and others have been set up voluntarily to earmark resources for future spending plans. See Note 8 for further details of earmarked reserves.

22.4. Capital Receipts Reserve

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

	General Fund £000	Housing Revenue Account £000	2014/15 Total £000	2013/14 Total £000
Balance brought forward	9,414	364	9,778	1,645
Mortgage repayments	56	6	62	59
Net surplus for year	56	6	62	59
Receipts from sales of assets during the year	383	12,700	13,083	14,391
Lessor Leases	0	0	0	509
Cost of disposals	0	0	0	(54)
Transfer to Housing Capital Receipts Pool	0	(1,841)	(1,841)	(1,627)
Balance of receipts after transfer	383	10,859	11,242	13,219
Balance on account before application of receipts	9,853	11,229	21,082	14,923
Financing of capital expenditure	(315)	(2,667)	(2,982)	(5,145)
Balance carried forward	9,538	8,562	18,100	9,778

22.5. Capital Grants Unapplied

Where a capital grant or contribution has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution is transferred to the Capital Grants Unapplied Reserve. These balances are a capital resource that is available to finance new capital expenditure but has yet to be applied for that purpose.

23. UNUSABLE RESERVES

	2014/15 £000	2013/14 £000
Revaluation reserve	416,640	239,123
Capital adjustment account	410,306	523,425
Financial Instruments adjustment account	(1,901)	(2,086)
Pensions reserve	(556,625)	(512,440)
Deferred capital receipts	34	97
Collection Fund adjustment account	8,168	5,003
Short-term accumulating compensated absences account	(2,868)	(3,611)
	273,754	249,511

23.1. Revaluation Reserve

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

- ► Revalued downwards or impaired and the gains are lost;
- ► Used in the provision of services and the gains are consumed through depreciation; or
- ► Disposed of and the gains are realised.

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

	2014/15 £000	2014/15 £000	2013/14 £000
Balance at 1 April		239,123	216,012
Revaluations upward	202,459		76,250
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(8,478)		(12,358)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		193,981	63,892
The difference in depreciation arising from a revaluation gain and the depreciation charged on the historic cost	(2,781)		(2,792)
Accumulated gain or loss on assets sold or scrapped	(13,683)		(37,989)
Amount written off to the Capital Adjustment Account		(16,464)	(40,781)
Balance at 31 March		416,640	239,123

23. UNUSABLE RESERVES (continued)

23.2. Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2014/15		2013/14
	£000	£000	£000
Balance at 1 April		523,425	613,477
Foundation school adjustments at 1 April 2013			81,630
Revised Balance at 1 April			695,107
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
Charges for depreciation and impairment of non-current assets (including HRA)	(45,073)		(47,596)
Revaluation losses on Property, Plant and Equipment	(55,809)		(43,533)
Impairment/revaluation gains reversing losses previously charged to Comprehensive Expenditure and Income	16,530		2,817
Amortisation of intangible assets	(3,378)		(3,869)
Revenue expenditure funded from capital under statute	(56,250)		(82,615)
Long term Debtors Written-out	0		(4,721)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(92,222)		(139,982)
		(236,202)	(319,499)
Adjusting amounts written out of the Revaluation Reserve		16,464	40,781
Net written out amount of the cost of non-current assets consumed in the year		(219,738)	(278,718)
Capital financing applied in the year:			
Use of the Capital Receipts Reserve to finance new capital expenditure	2,982		5,145
Use of the Major Repairs Reserve to finance new capital expenditure	16,983		16,457
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	61,942		60,875
Application of grants to capital financing from the Capital Grants Unapplied Account	876		160
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	14,595		11,920
Contributions from reserves	0		0
Capital expenditure charged against the General Fund and HRA balances	13,368		10,723
		110,746	
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(4,102)	1,779
Lessor Leases - Regulation 4 Mitigation		(25)	(23)
Balance at 31 March		410,306	523,425

Lessor Leases - Regulation 4 Mitigation
The effect of converting an operating lease to a finance lease means that some of what was accounted for as revenue would now become a capital receipt, as it pays off the debtor. However, mitigation for circumstances such as this is provided by a statutory instrument; Local Authorities (Capital & Finance Accounting) (England)(Amendment) Regulations 2010. The regulation requires receipts which have previously been accounted for as revenue to continue to be accounted for as revenue for the duration of the agreement. This is achieved by an entry in the Movement In Reserves Statement that re-instates to the General Fund that element of the receipt treated as capital; the Capital Adjustment Account is the opposite entry.

23. UNUSABLE RESERVES (continued)

23.3. Financial Instruments Adjustment Account

This reserve allows for the differences in statutory requirements and proper accounting practices for borrowings and investments.

The Balance Sheet at 31 March 2015 shows a balance of £1.9m (£2.1m in 2013/14) representing the remaining premiums paid in respect of debt restructuring exercises carried out in 2003/04 and 2009/10. This balance is made up of General Fund and Housing Revenue Account provisions which will be written down in accordance with the guidance which was in force at the time the debt was repaid.

	2014/15 £000	2014/15 £000	2013/14 £000
Balance at 1 April		(2,086)	(2,565)
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	0		0
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	185		479
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		185	479
Balance at 31 March		(1,901)	(2,086)

23.4. Pensions Reserve

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

	2014/15 £000	2013/14 £000
Balance at 1 April	(512,440)	(533,920)
Actuarial gains or losses on pensions assets and liabilities	(30,484)	37,134
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(13,701)	(15,923)
Employer's pensions contributions and direct payments to pensioners payable in the year		269
Balance at 31 March	(556,625)	(512,440)

23.5. Deferred Capital Receipts Reserve

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

	2014/15 £000	2013/14 £000
Balance at 1 April	97	155
Transfer to the Capital Receipts Reserve upon receipt of cash	(62)	(58)
Balance at 31 March	35	97

23. UNUSABLE RESERVES (continued)

23.6. Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and NNDR income the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2014/15 £000	2013/14 £000
Balance at 1 April	5,003	6,078
Amount by which Council Tax and NNDR income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	3,165	(1,075)
Balance at 31 March	8,168	5,003

23.7. Accumulated Absences Account

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

	2014/15 £000	2014/15 £000	2013/14 £000
Balance at 1 April		(3,611)	(4,038)
Settlement or cancellation of accrual made at the end of the preceding year		3,611	4,038
Amount accrued at the end of the current year	(2,868)		(3,611)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		743	427
Balance at 31 March		(2,868)	(3,611)

24. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

YEAR ENDING 31 MARCH 2015

	People	Place	Resources	HRA	Total
	£000	£000	£000	£000	£000
Fees, charges and other service income	(71,551)	(55,597)	(41,016)	(96,344)	(264,508)
Government grants	(272,847)	(4,786)	(283,062)	(99)	(560,794)
Total Income	(344,398)	(60,383)	(324,078)	(96,443)	(825,302)
Employee expenses	194,986	25,961	48,190	14,303	283,440
Other operating expenses	300,074	91,802	367,083	72,645	831,604
Support recharges	45,245	18,215	(51,133)	9,495	21,822
Total operating expenses	540,305	135,978	364,140	96,443	1,136,866
Net Cost of Services	195,907	75,595	40,062	0	311,564

Reconciliation to Net Cost of Service in Comprehensive Income and Expenditure Statement	
Cost of Services in Service Analysis:	
Add services not included in main analysis	(598)
Add amounts not reported to management (IAS19)	
Remove amounts not in Net Cost of Services	(144)
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	(27,430)
Net Cost of Services in Comprehensive Income and Expenditure Statement	283,392

Reconciliation to Subjective Analysis (Single Entity)	Service Analysis	Services not in Analysis	Not reported to management	Not included in CI&E	Net Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	(264,508)			362	(264,146)		(264,146)
Surplus or deficit on associates and joint ventures					0		0
Interest and investment income	(43)		43		0	(6,699)	(6,699)
Interest received on finance leases (lessor)					0	(223)	(223)
Income from Council Tax					0	(134,193)	(134,193)
Government grants and contributions	(561,334)	(42)	540		(560,836)	(190,877)	(751,713)
IAS19			0		0		0
Total Income	(825,885)	(42)	583	362	(824,982)	(331,992)	(1,156,974)
Employee expenses	283,440	1225		(113)	284,552		284,552
Other service expenses	804,082	(1,781)		(356)	801,945		801,945
Support service recharges	21,822			(36)	21,786		21,786
Depreciation, amortisation and impairment	11,804		(11,804)		0		0
Premium and discount on early repayment of debt			98		98	134	232
Changes in fair value of investment properties					0		0
Impairment of financial instruments					0	4,101	4,101
Interest payments	12,696		(12,696)		0	34,943	34,943
PFI interest liability	4,211		(4,211)		0	4,211	4,211
Precepts and levies					0	1,398	1,398
Payments to Housing Capital Receipts Pool					0	1,841	1,841
Gain or loss on disposal of non-current assets					0	79,139	79,139
Loss on revaluation of non-current assets					0	39,279	39,279
Trading Undertakings					0	144	144
Other adjustments	(606)		599		(7)	19,551	19,544
IAS19					0	20,709	20,709
Total operating expenses	1,137,449	(556)	(28,014)	(505)	1,108,374	205,450	1,313,824
Surplus or deficit on the provision of services	311,564	(598)	(27,431)	(143)	283,392	(126,542)	156,850

The aim of segment reporting is to disclose information to enable users of the Council's financial statements to evaluate the nature and financial effects of the activities in which it engages and the economic environments in which it operates. The Council presents its information on reportable segments within the notes. Reportable segments are based on an Authority's internal management reporting. The Council's internal arrangements include items that do not form part of the Comprehensive Income and Expenditure Statement (for example, statutory provisions for the repayment of debt) and excludes items that do not form part of the Comprehensive Income and Expenditure Statement (for example, depreciation). The Council has produced a reconciliation between the segment reporting analysis and the net cost of services in the Comprehensive Income and Expenditure Statement.

24. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

YEAR ENDING 31 MARCH 2014

	People £000	Place £000	Resources £000	HRA £000	Total
	£000	£000	£000	£000	£000
Fees, charges and other service income	(142,905)	(21,923)	(11,353)	(88,427)	(264,608)
Government grants	(215,086)	(9,242)	(264,825)	(37)	(489,190)
Total Income	(357,991)	(31,165)	(276,178)	(88,464)	(753,798)
Employee expenses	210,404	23,647	47,578	16,982	298,611
Other operating expenses	352,822	72,137	319,782	68,257	812,998
Support recharges	14,880	3,382	(51,511)	3,225	(30,024)
Total operating expenses	578,106	99,166	315,849	88,464	1,081,585
Net Cost of Services	220,115	68,001	39,671	0	327,787

Reconciliation to Net Cost of Service in Comprehensive Income and Expenditure Statement

Cost of Services in Service Analysis:	
Add services not included in main analysis	20,303
Add amounts not reported to management (IAS19)	(8,102)
Remove amounts not in NCS	(108)
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	(2,628)
Net Cost of Services in Comprehensive Income and Expenditure Statement	342,508

Reconciliation to Subjective Analysis (Single Entity)	Service Analysis	Services not in Analysis	Not reported to management	Not included in CI&E	Net Cost of Services	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000
Fees, charges and other service income	(264,608)	(4,415)			(269,023)	0	(269,023)
Surplus or deficit on associates and joint ventures					0	0	0
Interest and investment income				289	289	(7,455)	(7,166)
Interest received on finance leases (lessor)					0	(176)	(176)
Income from Council Tax					0	(129,519)	(129,519)
Government grants and contributions	(489,190)	(138)		(30,489)	(519,817)	(210,704)	(730,521)
IAS19			(8,102)		(8,102)	(29,481)	(37,583)
Total Income	(753,798)	(4,553)	(8,102)	(30,200)	(796,653)	(377,335)	(1,173,988)
Employee expenses	298,611	11,234		(468)	309,377		309,377
Other service expenses	738,727	1,617			740,344		740,344
Support service recharges	(30,024)				(30,024)		(30,024)
Depreciation, amortisation and impairment	74,271			27,047	101,318		101,318
Premium and discount on early repayment of debt				(436)	(436)	171	(265)
Changes in fair value of investment properties					0	(1,779)	(1,779)
Impairment of financial instruments					0		0
Interest payments			(1,069)	(11,852)	(12,921)	34,456	21,535
PFI interest liability			(3,161)	(3,373)	(6,534)	3,160	(3,374)
Precepts and levies					0	1,471	1,471
Payments to Housing Capital Receipts Pool					0	1,627	1,627
Gain or loss on disposal of non-current assets					0	125,135	125,135
Loss on revaluation of non-current assets					0	40,716	40,716
Trading Undertakings			(108)		(108)	108	0
Other adjustments			6,777	31,368	38,145		38,145
IAS19					0	53,238	53,238
Total operating expenses	1,081,585	12,851	2,439	42,286	1,139,161	258,303	1,397,464
Surplus or deficit on the provision of services	327,787	8,298	(5,663)	12,086	342,508	(119,032)	223,476

25. TRADING OPERATIONS

Of the five original trading units, Street Lighting now operates under a PFI arrangement; Transport Maintenance and Highways and Sewers are both outsourced.

	2014/15			2013/14		
	Turnover £000	Expense £000	(Surplus)/ Deficit £000	Turnover £000	Expense £000	(Surplus)/ Deficit £000
Commercial Estates	(104)	43	(61)	(38)	19	(19)
Street Markets	(259)	463	204	(274)	400	126
	(363)	506	143	(312)	419	107

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. The loss is recorded under Financing and Investment Income and Expenditure.

26. AGENCY SERVICES

Business Improvement Districts
A Business Improvement District (BID) scheme may exist within a designated area of the Borough. Schemes are funded by a BID levy paid by Non-Domestic Ratepayers. The Council acts as agent under the schemes and the BID levy income is the BID body's revenue. The billing Authority does not account for the income and expenditure in its Comprehensive Income and Expenditure Statement since it is collecting the BID levy income as an agent on behalf of the BID body.

The Council currently acts as an agent for two bids. The Croydon Town Centre bid was incorporated as under Croydon Town Centre BID Ltd from 1 April 2007 for five years and after a successful ballot in November 2011, its tenure was extended for a further 5 years until 31 March 2017. The New Addington Business Improvement District (BID) is a private sector initiative led by the Central Parade Business Partnership. The New Addington BID is funded by local businesses; it was approved by ballot in December 2012 and commenced on 4 February 2013.

27. POOLED BUDGETS

The Council has entered into two agreements for pooled budgets under Section 75 of the National Health Service Act 2006 Both agreements have been documented, approved by Cabinet and the Croydon Clinical Commissioning Group (CCG) and signed. The agreements, both of which commenced on 1 April 2004, are for:

► Croydon's integrated community equipment service (CCES), and
► Croydon's integrated community occupational therapy service (CCOTS).

The CCES agreement is hosted by the Council and the CCOTS agreement is hosted by the CCG.

	2014/15			2013/14		
	£000 Council	£000 Partner	£000 Total	£000 Council	£000 Partner	£000 Total
Croydon's Community Equipment Service						
Gross Income	(885)	(589)	(1,474)	(892)	(593)	(1,485)
Gross Expenditure		2,054	2,054	0	2,295	2,295
Net Expenditure	(885)	1,465	580	(892)	1,702	809
Croydon's Community Occupational Therapy Service						
Gross Income	(1,492)	(632)	(2,124)	(1,463)	(686)	(2,149)
Gross Expenditure		1,361	1,361	0	1,939	1,939
Net Expenditure	(1,492)	729	(763)	(1,463)	1,253	(210)

28. MEMBERS' ALLOWANCES

The total of allowances paid to the Members of the Council was £1.58m in 2014/15 (£1.59m in 2013/14).

29. OFFICERS' REMUNERATION

Out of more than 8,000 employees, the number whose remuneration, excluding pension contributions was £50,000 or more in bands of £5,000 was:

	2014/15		2013/14	
Remuneration Band	**Schools**	**Non-Schools**	**Schools**	**Non-Schools**
£195,000 - £199,999	0	1	0	0
£190,000 - £194,999	0	0	0	0
£185,000 - £189,999	0	0	0	0
£180,000 - £184,999	0	0	0	1
£175,000 - £179,999	0	1	0	0
£170,000 - £174,999	0	0	0	0
£165,000 - £169,999	0	0	0	1
£160,000 - £164,999	0	0	0	1
£155,000 - £159,999	0	0	0	1
£150,000 - £154,999	0	1	0	1
£145,000 - £149,999	0	0	0	0
£140,000 - £144,999	1	1	0	0
£135,000 - £139,999	0	1	0	1
£130,000 - £134,999	0	0	0	0
£125,000 - £129,999	0	1	0	0
£120,000 - £124,999	0	1	0	0
£115,000 - £119,999	1	0	0	0
£110,000 - £114,999	1	3	0	3
£105,000 - £109,999	0	2	1	0
£100,000 - £104,999	1	4	2	6
£95,000 - £99,999	2	4	2	7
£90,000 - £94,999	3	1	4	1
£85,000 - £89,999	2	1	0	2
£80,000 - £84,999	7	4	4	4
£75,000 - £79,999	7	19	5	20
£70,000 - £74,999	6	12	5	19
£65,000 - £69,999	22	14	12	5
£60,000 - £64,999	26	30	14	30
£55,000 - £59,999	44	29	27	36
£50,000 - £54,999	66	83	42	63

The table above includes the members of the Corporate Management Team listed on the following page.

29. OFFICERS' REMUNERATION (continued)

Corporate Management Team	Nathan Elvery* Chief Executive	Hannah Miller ** Deputy Chief Executive and Executive Director Adult Services, Health and Housing	Paul Greenhalgh Executive Director, People	Paul Spooner*** Interim Executive Director of Development and Environment	Jo Negrini**** Executive Director, Place	Richard Simpson Assistant Chief Executive (Corporate Resources and Section 151 Officer)	Julie Belvir Director of Democratic Legal Services & Monitoring Officer	Heather Daley***** Director of Human Resources	Dr Mike Robinson Director of Public Health
2014/15									
Basic Salary	180,000	116,324	139,385	0	141,667	99,083	98,040	99,720	148,527
Chief Officer Allowance	0	4,741	0	0	0	6,321	6,321	0	0
Other allowances	18,874	9,340	166	0	0	15,000	5,746	446	2,801
Compensation for loss of Office	0	48,265	0	0	0	0	0	0	0
Total Remuneration excluding Pension Contributions	**198,874**	**178,669**	**139,551**	**0**	**141,667**	**120,404**	**110,108**	**100,166**	**151,328**
Employer's Pension Contributions	23,580	0	18,259	0	18,558	15,773	14,424	12,925	18,517
Total Remuneration including Pension Contributions	**222,454**	**178,669**	**157,811**	**0**	**160,225**	**136,177**	**124,532**	**113,091**	**169,846**
2013/14									
Basic Salary	180,000	137,262	137,262	141,000	24,722	98,664	98,664	98,664	154,255
Chief Officer Allowance	0	6,321	0	0	0	6,321	6,321	0	0
Deputy Chief Executive's Allowance	0	20,000	0	0	0	0	0	0	0
Additional Allowance	0	0	0	0	493	10,000	5,123	0	1,917
Total Remuneration excluding Pension Contributions	**180,000**	**163,583**	**137,262**	**141,000**	**25,215**	**114,985**	**110,108**	**98,664**	**156,172**
Employer's Pension Contributions	23,580	0	17,981	0	3,303	15,063	14,424	12,925	18,518
Total Remuneration including Pension Contributions	**203,580**	**163,583**	**155,243**	**141,000**	**28,518**	**130,048**	**124,532**	**111,589**	**174,690**

* Nathan Elvery was also Executive Director of Chief Executive's Department during 2013/14.
** Hannah Miller left the Council on 31 December 2014
*** Paul Spooner left the Council on 26 November 2013.
**** Jo Negrini joined the Council on 27 January 2014.
***** Heather Daley was appointed to Director of Human Resources on 1 April 2013.

Remuneration total is gross payable before individuals' contribution to the Pension Fund. This includes basic salary and any contraded additions where applicable.

29. OFFICERS' REMUNERATION (continued)

Exit Costs

This note discloses employee exit packages in rising bands of £20,000 up to £100,000 and bands of £50,000 thereafter. The packages included in the bands are those that have been agreed by the Authority, i.e. those packages for which the Authority is demonstrably committed. The costs included in the exit packages include all relevant redundancy including compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs.

2014/15	Total number of exit costs by cost band			Total cost of exit costs in each band		
	Compulsory Redundancies No.	Other Redundancies No.	Total No.	Compulsory Redundancies £	Other Redundancies £	Total £
£90,000 - £109,999	0	0	0	0	0	0
£70,000 - £89,999	0	0	0	0	0	0
£50,000 - £69,999	3	2	5	181,900	113,766	295,666
£20,000 - £49,999	5	3	8	197,113	94,313	291,425
£0 - £19,999	29	44	73	210,086	220,212	430,298
Total	37	49	86	589,099	428,290	1,017,389

* In accordance with the Code of Practice, bands have been amalgamated to prevent individuals from being identified.

2013/14	Total number of exit costs by cost band			Total cost of exit costs in each band		
	Compulsory Redundancies No.	Other Redundancies No.	Total No.	Compulsory Redundancies £	Other Redundancies £	Total £
£100,000 - £149,999	0	1	1	0	124,900	124,900
£80,000 - £99,999	0	0	0	0	0	0
£60,000 - £79,999	0	0	0	0	0	0
£40,000 - £59,999	4	2	6	198,556	91,044	289,600
£20,000 - £39,999	11	5	16	284,717	141,848	426,565
£0 - £19,999	46	40	86	319,845	336,947	656,792
Total	61	48	109	803,118	694,739	1,497,857

30. EXTERNAL AUDIT COSTS

	2014/15 £000	2013/14 £000
Other fees	16	
Audit Commission fees payable:		
Rebate	(23)	(35)
Fees payable for other services - National Fraud Initiative	4	2
Grant Thornton fees payable:		
Audit of annual accounts	262	230
Certification of grant claims	34	34
Total External Audit Costs	293	231

31. DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget. Details of the deployment of DSG receivable for 2014/15 are as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total DSG 2014/15 £000
Final DSG for 2014/15 before academy recoupment			284,848
Academy figure recouped for 2014/15			(95,587)
Total DSG after academy recoupment for 2014/15			189,261
Plus: Brought forward from 2013/14			9,803
Less: Carry-forward to 2015/16 agreed in advance			(3,419)
Agreed initial budget distribution in 2014/15	44,773	150,872	195,645
In year adjustments			0
Final budget distribution for 2014/15	44,773	150,872	195,645
Less: actual central expenditure	(41,657)		(41,657)
Less: actual ISB deployed to schools		(147,657)	(147,657)
Carry-forward to 2015/16	3,116	3,215	2,912

32. GRANT INCOME

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement:

	2014/15 £000	2013/14 £000
Credited to Taxation and Non-Specific Grant Income		
Council Tax Income	134,193	131,317
Revenue Support Grant	80,505	97,229
National Non-Domestic Rates (NNDR)	64,370	63,095
Recognised Capital Grants and Contributions	23,539	30,728
Non-service Related Government Grants (page 63)	22,463	17,854
	325,070	340,223
Taxation and Non-Specific Grants Credited to Services		
Asylum Seekers	17,239	18,834
Ark UK	186	-
Beacon Grant	4	1
Cabinet Office Grant	0	48
Communities and Local Government	1,662	5,728
Dedicated Schools Grant	189,261	203,479
Department for Education	2,550	2,028
Department of Health - Other	19,129	18,480
Department for Work and Pensions	830	2,121
Home Office	3,345	23
Skills Funding Agency/EFA	4,856	4,567
Greater London Authority	111	974
Learn Direct	40	63
Lottery Funding	0	27
Ministry of Justice	0	77
Planning Delivery	0	414
Private Finance Initiative (PFI)	8,509	8,509
Pupil Premium Grant	11,553	9,956
Sixth Form Funding	5,865	5,912
Transport for London	735	204
Universal Infant Free School Meals	1,776	-
Youth Justice Board	843	827
Other Grants	81	7
Lottery Funding	0	27
Sub Total - Service Grants and Contributions	268,575	282,306
Total Grants Income	593,645	622,529

The Council has received a number of grants and contributions that have yet to be recognised as income because they have conditions attached to them that may require the monies or property to be returned to the grantor. The balances are:

	2014/15 £000	2013/14 £000
Capital Grants Receipts in Advance		
Targeted Basic Needs	22,301	7,056
Basic Needs	10,126	0
S106 Funded Projects	2,504	378
Local Pinch Point Fund	1,800	0
Transport for London	1,706	516
Department of Health Funded Schemes	769	154
Wandle Park	414	414
Other grants and contributions	256	206
Universal Free School Meals	182	0
Department for Education - Childrens Centres and Early Years	132	132
Quest Academy Selsdon	0	799
Local Public Sector Agreement - Parks to be Proud of	0	178
Total	40,190	9,833

33. RELATED PARTY TRANSACTIONS

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

Central Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and re-distribution of National Non-Domestic Rates, and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits).

Greater London Authority: Formed in 2000, the Greater London Authority (GLA) is a unique form of strategic citywide Government for London. It is made up of a directly elected Mayor - the Mayor of London - and a separately elected Assembly - the London Assembly. The Mayor is London's spokesman and leads the preparation of statutory strategies on transport, spatial development, economic development and the environment.

Croydon Council Urban Regeneration Vehicle (CCURV) and Croydon Care Solutions Ltd:
Further information regarding CCURV LLP and Croydon Care Solutions Ltd can be found in the Group Interests section to these accounts, in Note 41.

During the year no Council Members, Executive Directors nor their close relations nor members of the same household have undertaken any material declarable transactions with the Council other than the individuals and transactions disclosed below.
The Council compiled the existing declarations for Members by issuing a form at the end of the financial year requesting the disclosure of any related party transactions that had taken place within the year.
Members of the Corporate Management Team were issued with standard letters any potential related party transactions.

This note has been prepared on a cash basis through the accounts payable system as it is believed that any accruals are not of a material value. Only related party transactions totalling over £100,000 for any individual organisation are considered material and are detailed below:

Organisation	Related Party	Related Party Transaction 2014/15	£
Academy Schools			
Wolsey Junior Academy	Cllr Carole Bonner- Governor Cllr Jamie Audsley- Governor Cllr Simon Hall (Partner is a Governor)	Croydon Council is responsible for passing on various funding streams to Academies, which are regulated by the Schools funding formula. The council also sells support services to various academies which include utilities and other services.	2,475,506
Ark Oval Primary School	Cllr Mark Watson - Governor		
Whitehorse Manor Junior	Cllr David Wood - Governor		
Applegarth Academy	Cllr Margaret Bird		
Oasis Academy Coulsdon	Cllr Christopher Wright - Governor		
Oasis Academy Byron	Cllr Jason Perry - Academy Councillor;		
Rowdown Primary	Cllr Margaret Bird		
Quest Academy	Cllr Andy Stranack - Governor		
John Ruskin College	Cllr Helen Pollard - Governor		
Harris Academy South Norwood	Cllr Sue Bennett - Governor		
Castle Hill Academy	Cllr Simon Hall (resigned 06/15)		
Atwood Primary School	Cllr Yvette Hopley - Advisory Board Member		
Octavo Partnership Ltd	Paul Greenhalgh - Director Richard Simpson - Director	Capital loan payment.	350,000
CCURV	Richard Simpson	Croydon Council Urban Regeneration Vehicle (CCURV) is a limited liablility partnership (LLP) between Croydon Council and John Laing Projects and Developments (Croydon) Ltd which is a joint venture to develop and regenerate a number of sites in Croydon	918,509
The Garwood Foundation	Cllr Dudley Mead Note: resigned from the Foundation's board in Oct '14	Operation of Rutherford Special School, funded by the Council for the care of pupils with statements for special educational needs	1,137,801

33. RELATED PARTY TRANSACTIONS CONTINUED

Organisation	Related Party	Related Party Transaction 2014/15	£
Fairfield (Croydon) Ltd	Cllr Dudley Mead - Director Cllrs Lynne Hale- Council appointe Cllr Oliver Lewis, Cllr Timothy Godfrey; Cllr Emily Benn - on the Board of Trustees	Grant Funding, hire of premises and facilities use	801,536
Whitgift Foundation	Cllr Dudley Mead - Chair of Finance Committee and Governor of Trinity; Whitgift; and Old Palace of Whitgift Schools Cllr Margaret Mead- LEA appointed Governor Cllr Alisa Flemming Cllr Toni E Letts - Chairman- Care Committee	PVI funding, school delegated funding and catering costs for the May 2014 election.	202,475
Croydon Drop in	Cllr Oliver Lewis- Unpaid Board Member	Croydon Drop in is a charitable organisation which exists to support young people aged 11 to 25 years old who live, work or study in the borough.	107,262
The Learning Tree Pre School	Cllr Carole Bonner - Chair & Trustee Cllr Simon Hall- Partner is a Trustee	Croydon Council is responsible for delegating various funding streams to the Early Years Providers, as determined by the relevant sections of the Schools funding formula.	112,029
Croydon Citizen's Advice Bureau	Cllr Hamida Ali - Executive Director	Provides residents in Croydon with free advice and information regarding matters which include debt, benefits, employment and consumer relationships.	209,000

The Pension Fund is a separate entity from the Council with it's own Statement of Accounts and Balance Sheet.
The following material transactions took place between the Council and the Pension Fund:

	2014/15 £000	2013/14 £000
Receipts		
Pension Contributions - from the Council (employer's contributions)	26,996	32,008
Pension Contributions - from employees (deductions paid over)	7,862	7,779
Total Receipts	34,858	39,787

34. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PPP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	General Fund £000	Housing Revenue Account £000	2014/15 Total £000	2013/14 Total £000
EXPENDITURE:				
Property, Plant and Equipment	43,034	36,521	79,555	96,116
Property, Plant and Equipment - PFI	13,993	0	13,993	5,442
Investment properties	0	0	0	0
Revenue expenditure funded from capital under statute	51,174	5,076	56,250	82,615
Intangible assets	2,602	39	2,641	5,245
	110,803	41,636	152,439	189,418
FINANCED BY:				
Borrowing approvals	34,217	8,078	42,295	90,616
PFI assets delivered by contractor (repaid through unitary charge)	13,993	0	13,993	5,442
Capital receipts	315	2,667	2,982	5,145
Government grants and other contributions	62,278	540	62,818	62,704
Direct revenue contributions	0	13,368	13,368	9,054
Major Repairs Reserve	0	16,983	16,983	16,457
	110,803	41,636	152,439	189,418

EXPLANATION OF MOVEMENTS IN YEAR:	General Fund £000	Housing Revenue Account £000	2014/15 Total £000	2013/14 Total £000
Opening Capital Financing Requirement	459,040	314,419	773,459	709,988
Adjustment in underlying need to borrow for 2013/14	20,250	0	20,250	0
Gross up for earmarked usable capital receipts as at 31 March 2013	0	0	0	1,645
Adjusted Opening Capital Financing Requirement	479,290	314,419	793,709	711,633
Increase in underlying need to borrow (unsupported by Government financial assistance)	34,217	8,078	42,295	70,366
MRP / Loans fund principal	(12,015)	0	(12,015)	(8,540)
Property Fund Investment (unsupported by government financial assistance)	20,000	0	20,000	0
Closing Capital Financing Requirement	521,492	322,497	843,989	773,459

35. LEASES

A review of accounting disclosures has been undertaken to simplify the accounts and make them more understandable. During the review it was decided that the disclosure of operating leases or finance leases where the Council is the lessee would be discontinued. The amounts were not considered to be material to a proper understanding of the accounts together with any narrative of immaterial transactions.
A review will be carried out each year to ensure that the position remains accurate.

The following leasing note relates to the Gross Investment of Finance Leases where the Council acts as lessor.

Authority as Lessor - Finance Leases

The Authority has a gross investment in each finance lease, made up of the minimum lease payments expected to be received over the remaining term of the lease and the residual value, if any, anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. Any de-minimus rentals are excluded from the following analysis.
The gross investment is comprised of the following amounts:

	2014/15 £000	2013/14 £000
Finance lease debtor (net present value of minimum lease payments):		
current	25	24
non-current	2,525	2,552
Unearned finance income	12,033	12,256
Unguaranteed residual value of property	0	0
Gross investment in the lease	14,583	14,832

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
Not later than one year	249	249	249	249
Later than one year and not later than five years	1,015	995	1,015	995
Later than five years	13,319	13,588	13,319	13,588
	14,583	14,832	14,583	14,832

The unguaranteed residual value is assumed to be nil for all six properties, because of the duration of the leases. As a consequence the gross investment in the leases and the minimum lease payments are equivalent. The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2014/15 £117,059 contingent rents were receivable by the Authority (2013/14: £122,642).

36. PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

The Authority currently has three Private Finance Initiative (PFI) contracts. A review, under International Financial Reporting Interpretations Committee (IFRIC) 12 - Service Concessions, of the accounting treatment of two of the PFI contracts was undertaken in 2009/10. The review of the Street Lighting PFI was undertaken prior to its commencement in August 2011. This resulted in assets for the Ashburton Learning Village, Street Lighting and three of the four Adults for the Future PFI schemes being recognised on the Balance Sheet. One Adults Homes for the Future building was assessed as not qualifying for recognition on the Balance Sheet.

Adults Homes For The Future (formerly New4Old)

Two of the homes opened during 2010 and the other two homes opened during 2011.The care services provided to the residents of the facilities were outsourced to Care UK during 2011/12. The facilities, including management of all soft facilities,are fully maintained by Caring 4 Croydon, a subsidiary of Care UK. In 2014-15 the payment to Caring 4 Croydon was £4.351m comprising £2.996m Annual Unitary Payment (AUP) and £1.355m lease payments; PFI credits of £2.870m were received. The annual payment to Caring 4 Croydon is index-linked to the Retail Price (RPI) index and consequently, will increase each year until contract expiration in 2038/39.

Ashburton Learning Village

The Ashburton Learning Village is the only Croydon School PFI. It incorporates an eight form entry (1,200 capacity) secondary school together with a new purpose built library and a headquarters for the Housebound Library service. The village also houses office and teaching space for the Music Service. The Authority's Community Strategy states the Council's commitment to make Croydon a learning place by recognising the importance of ensuring good education and lifelong learning opportunities for everyone living and working in Croydon. Ashburton Learning Village is an important part of the Community Strategy and fulfils a commitment within the strategy to rebuild Ashburton High School. The Authority has entered into a 30 year contract with Norwest Holst on a design, build and operate basis, that includes enhanced facilities, improved ICT and access to the National Grid for Learning. This is supported through the Government's PFI scheme. The PFI credits include £17.1m from the Department for Education and £4.7m from the Department for Culture, Media and Sport; depending on usage, the Council may pay £61m over the remaining 23 years of the contract.

Street Lighting

The Croydon and Lewisham Street Lighting PFI is a joint procurement project that has been developed to replace the ageing street lighting stock of both London Boroughs. The 25 year contract with Skanska-Laing started in August 2011. In 2014/15 the Annual Unitary Payment (AUP) to Skanska-Laing was £4.9m; PFI credits of £6.0m were received. The PFI credits are in excess of the AUP, the excess is held in an equalisation account to offset charges in future years that will exceed the PFI credit. The PFI credit is fixed at £6.0m each year whereas the AUP is index linked to the RPI and consequently, will increase each year until contract expiration in 2036/37.

Value of Assets Held	**Ashburton Learning Village £000**	**Adult Homes For The Future £000**	**Customer Focus £000**	**Street Lighting £000**	**2014/15 Total £000**	**2013/14 Total £000**
Net book value as at 31 March 2014	17,488	19,407	-	10,919	47,814	44,668
Gross book value as at 31 March 2014	19,515	22,223	14,141	11,661	67,540	62,098
Additions				13,993	13,993	5,442
Revaluation	2,422	1,726			4,148	0
Gross book value as at 31 March 2014	21,937	23,949	14,141	25,654	85,681	67,540
Depreciation as at 1 April 2014	(2,026)	(2,816)	(14,141)	(742)	(19,725)	(17,430)
Deprecation written out after revaluation	2,415	3,458	-	0	5,873	-
Depreciation for year	(389)	(642)	-	(389)	(1,420)	(2,297)
Net book value as at 31 March 2015	21,937	23,949	0	24,523	70,409	47,813

Value of Liabilities	**Ashburton Learning Village £000**	**Adult Homes For The Future £000**	**Customer Focus £000**	**Street Lighting £000**	**2014/15 Total £000**	**2013/14 Total £000**
Creditors as at 31 March 2014	(16,187)	(22,496)	-	(8,378)	(47,061)	(44,678)
"Drawdown" at start of operational period	0	0	0	(13,993)	(13,993)	(5,442)
Capital repayment	411	430	-	1,352	2,193	3,060
Lump sum contribution	0	0	0		0	0
Creditors as at 31 March 2015	(15,776)	(22,066)	0	(21,019)	(58,861)	(47,060)

36. PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS (continued)

Repayment of Liabilities	Ashburton Learning Village £000	Adult Homes For The Future £000	Customer Focus £000	Street Lighting £000	2014/15 Total £000	2013/14 Total £000
Within one year	411	456		424	1,291	1,744
Within two to five years	1,977	2,115		3,830	7,922	6,605
Within six to ten years	3,126	3,444		7,541	14,111	13,413
Within 11 to 15 years	4,056	4,613		11,550	20,219	19,085
Within 16 to 20 years	5,263	6,180		17,691	29,134	27,285
Within 21 to 25 years	920	5,258		6,156	12,334	19,091
Within 26 to 30 years					0	0
Total	15,753	22,066	0	47,192	85,011	87,223

Interest Payments	Ashburton Learning Village £000	Adult Homes For The Future £000	Customer Focus £000	Street Lighting £000	2014/15 Total £000	2013/14 Total £000
Within 1 year	843	1,329		3,445	5,617	4,653
Within 2 to 5 years	3,129	5,024		16,214	24,367	24,464
Within 6 to 10 years	3,356	5,480		17,881	26,717	27,315
Within 11 to 15 years	2,326	4,310		13,872	20,508	21,643
Within 16 to 20 years	1,119	2,744		7,731	11,594	5,954
Within 21 to 25 years	37	691		596	1,324	1,239
Within 26 to 30 years					0	0
Total	10,810	19,578	0	59,739	90,127	85,268

Service Charge Payments	Ashburton Learning Village £000	Adult Homes For The Future £000	Customer Focus £000	Street Lighting £000	2014/15 Total £000	2013/14 Total £000
Within 1 year	803	1,627		2,303	4,733	4,583
Within 2 to 5 years	3,523	7,029		6,163	16,715	17,145
Within 6 to 10 years	5,165	10,059		8,533	23,757	22,995
Within 11 to 15 years	6,114	11,648		10,148	27,910	27,031
Within 16 to 20 years	7,188	13,444		12,071	32,703	31,688
Within 21 to 25 years	1,184	10,086		3,673	14,943	21,901
Within 26 to 30 years	0	0			0	0
Total	23,977	53,893	0	42,891	120,761	125,343

Lifecycle Payments	Ashburton Learning Village £000	Adult Homes For The Future £000	Customer Focus £000	Street Lighting £000	2014/15 Total £000	2013/14 Total £000
Within 1 year	411	405			816	816
Within 2 to 5 years	1,643	1,621			3,264	3,264
Within 6 to 10 years	2,054	2,026			4,080	4,080
Within 11 to 15 years	2,054	2,026			4,080	4,080
Within 16 to 20 years	2,054	2,026			4,080	4,080
Within 21 to 25 years	308	1,351			1,659	2,475
Within 26 to 30 years	0	0			0	0
Total	8,524	9,455	0	0	17,979	18,795

Contingent Rent	Ashburton Learning Village £000	Adult Homes For The Future £000	Customer Focus £000	Street Lighting £000	2014/15 Total £000	2013/14 Total £000
Within 1 year				(35)	(35)	14
Within 2 to 5 years				331	331	543
Within 6 to 10 years				611	611	1,291
Within 11 to 15 years				579	579	1,323
Within 16 to 20 years				313	313	1,004
Within 21 to 25 years				(46)	(46)	166
Within 26 to 30 years				0	0	0
Total	0	0	0	1,753	1,753	4,341

37. IMPAIRMENT LOSSES

There were no impairments to assets in 2014/15 (£nil in 2013/14).

38. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Business Rates - centralised pooling request
The Council has been notified that Virgin Media have submitted a request to the Valuation Office Agency (VOA) to merge their national Non Domestic Rates (NNDR) listing into just one hereditament in one authority. The request has not yet been determined, but raises the prospect of a reduction in Croydon's ratable value of £2.26m, should the request be approved. The regulations covering NNDR income mean that such a loss would not be chargeable to the Council's Income & Expenditure account until 2016/17. Under the local retention of business rates arrangements, Croydon Council would face 30% of any loss, which equates to £678k per year.

Municipal Mutual Insurance (MMI) - potential for future claims
In 1993, MMI ceased to accept new business, due to changes in insurance industry requirements. The appointed administrator has set a levy rate of 15%, and LB Croydon is liable for this proportion of any future claim that pre-dates 1993. A likely amount cannot be estimated reliably, and the possibility does remain for the administrator to revise the levy rate, should the company's assets prove insufficient to meet liabilities.

39. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written polices and procedures covering specific areas such as credit risk, liquidity risk and market risk.

The annual treasury management strategy for 2014/15 which incorporates the prudential indicators was approved by Council on 24 February 2014 and is available on the Council's website. The key issues within the strategy were:

1. The Authorised Borrowing Limit for 2014/15 was set at £931.7m. This is the maximum limit of external borrowings or other long term liabilities.
2. The Operational Boundary was set at £891.7m. This is the expected level of debt and other long term liabilities during the year.
3. The maximum amounts of fixed and variable interest rate exposure were set at £891.7m and £40.0m based on the Council's net debt.

These policies are implemented by the Council's treasury team. The Council maintains written policies for overall risk management, as well as written policies (Treasury Management Policies - TMPs) covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically.

Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other Local Authorities. It is the policy of the Council to place deposits only with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution.

39. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

CREDIT RISK	Amounts at 31 March 2015 £000	Historical Experience of Default %	Estimated Maximum Exposure to Default £000
Deposits with banks and other financial institutions	101,065	Nil	0
Bonds and other securities	0	Nil	0
Customers	0	Nil	0
Total	101,065	Nil	0

Liquidity Risk

The Council has access to a facility to borrow from the Public Works Loans Board. As a result there is no significant risk that the Council will be unable to raise finance to meets its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowing does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that not more than 15% of loans are due to mature within any financial year through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

Of the sum owing (£101.065m), £25 has been invested in the banking sector, which is due to be paid over one year with the balance of £76.065m being paid in less than one year.

Refinancing and Maturity Risk

The maturity structure of financial liabilities is as follows (at nominal value):

	At 31 March 2015 £000	At 31 March 2014 £000
Loans outstanding:		
PWLB	574,926	554,926
Market debt / LOBOs	185,575	162,000
Temporary borrowing	0	2,800
Local bonds	0	0
Deferred purchases	0	0
Other	338	338
Total	760,839	720,064
Less than 1 year	65,023	62,823
Between 1 and 2 years	12,500	0
Between 2 and 5 years	126,500	114,000
Between 5 and 10 years	48,575	42,000
More than 10 years	508,241	501,241
Total	760,839	720,064

Interest Rate Risk

The Council is exposed to interest rate risk in two different ways; the first being the uncertainty of interest paid/received on variable rate instruments, and the second being the effect of fluctuations in interest rates on the fair value of an instrument.

The current interest rate risk for the Authority is summarised below:

- ► Decreases in interest rates will affect interest earned on variable rate investments, potentially reducing income credited to the Comprehensive Income and Expenditure Statement.
- ► Increases in interest rates will affect interest paid on variable rate borrowings, potentially increasing interest expense charged to the Comprehensive Income and Expenditure Statement.
- ► The fair value of fixed rate financial assets will fall if interest rates rise. This will not impact on the Balance Sheet for the majority of assets held at amortised cost, but will impact on the disclosure note for fair value.
- ► The fair value of fixed rate financial liabilities will rise if interest rates fall. This will not impact on the Balance Sheet for the majority of liabilities held at amortised cost, but will impact on the disclosure note for fair value.

39. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

The Council has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget. This allows any adverse changes to be accommodated. The strategy will also advise on whether new borrowing taken out is to be at fixed or variable interest rates.

According to this assessment strategy, at 31 March 2015, if interest rates had been 1% higher, the financial effect would be:

	At 31 March 2015 £000	At 31 March 2014 £000
Increase in interest payable on variable rate borrowings	650	600
Increase in interest receivable on variable rate investments	(1,010)	(1,150)
Increase in Government grant receivable for financing costs	0	0
Impact on Comprehensive Income and Expenditure Statement	(360)	(550)
Share of overall impact debited to the HRA	0	0
Decrease in fair value of available-for-sale investment assets	0	0
Impact on CI&E Statement or Movement in Reserves Statement	0	0
Decrease in fair value of fixed rate borrowing liabilities	(132,776)	(99,793)
Impact on CI&E Statement or Movement in Reserves Statement	(132,776)	(99,793)

Price Risk
The Council, excluding the Pension Fund, does not invest in equity shares or marketable bonds.

Foreign Exchange Risk
The Council has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates.

40. TRUST FUNDS

The Council acts as trustee for various funds including trust fund legacies, prize funds, amenity funds of establishments and charity appeal funds.

The principal funds are two trust fund legacies:

- The Church Tenements Charity, which provides grants to young people for education purposes (£0.825m)
- The Frank Denning Memorial Charity, which provides travelling scholarships (£0.311m).

The funds are not assets of the Council and are not included in the Balance Sheet.

41. GROUP INTERESTS

Croydon Council has a 50% equity stake in a limited liability partnership (LLP), Croydon Council Urban Regeneration Vehicle (CCURV LLP). The other 50% equity stake is held by John Laing Projects and Development (Croydon) Limited. CCURV LLP was set up specifically to develop and regenerate a number of sites owned by the Council. Under International Accounting Standard (IAS) 31, CCURV LLP is considered to be a Joint Venture.

Croydon Council owns a 100% stake in Croydon Care Solutions Limited (CCS). CCS is therefore a subsidiary of Croydon Council. The Company began operations on 8 March 2011.

During 2014/15 the Council carried out a comprehensive review of its group activities. This included a review of the nature of the risks it was exposed to through its group trading activities and the amounts involved after eliminating intragroup transactions. The Council concluded that its group activities were insufficiently material to justify the preparation of Group Accounts this year, although the group activities will be reviewed each year. Consequently, Group Accounts have not been prepared this year.

42. DATE OF ACCOUNTS BEING AUTHORISED FOR ISSUE AND BY WHOM

This Statement of Accounts was issued on 25th September 2015 by Richard Simpson, Assistant Chief Executive (Resources and Section 151 Officer).

43. PENSIONS - IAS19 AND ACCOUNTING CODE OF PRACTICE DISCLOSURE NOTES

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

The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education.
The Local Government Pensions Scheme, administered by the London Borough of Croydon.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it was a defined contributions scheme - no liability for future payments of benefits is recognised in the Council's Balance Sheet and the Children, Young People and Learners revenue account is charged with the employer's contributions payable to the Teachers' Pension Scheme during the year.

In 2014/15, the Council paid £8.9m (2013/14: £10.2m) to Capita Teachers' Pensions in respect of teachers' retirement benefits, representing 14.1% (2013/14: 14.1%) of pensionable pay.

The Local Government Pension Scheme
The Local Government Scheme is accounted for as a defined benefits scheme; its members are the London Borough of Croydon and a number of Scheduled and Admitted bodies. A list of all member bodies is available in the Pension Fund Accounts.

The liabilities of the scheme attributable to the London Borough of Croydon 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 and projections of earnings for current employees.

Liabilities are discounted to their present value, using a discount rate of 3.1% (based on the indicative rate of return on high quality corporate bonds).

The assets of the scheme attributable to the London Borough of Croydon are included in the Balance Sheet at their fair value:
Quoted securities - current bid price or the last trade price depending upon the convention of the market
Unquoted securities - professional estimate
Unlisted securities - current bid price
Property - market value.

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

Current service cost - the increase in the present value of a defined benefit obligation resulting from employee service in the current period - allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employee worked.

Past service cost - the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases) - debited / credited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.

Interest cost - the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement - debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

The return on Fund assets - is interest, dividends and other revenue derived from the Fund assets, together with realised and unrealised gains or losses on the Fund assets, less any costs of administering the Funds (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the Fund itself - credited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Gains / losses on settlements and curtailments - the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.

Actuarial gains and losses comprise:
- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- the effects of changes in actuarial assumptions - are recognised in Other Comprehensive Income.

Contributions paid to the Pension Fund - cash paid as employer's contributions to the Pension Fund.

43. PENSIONS - IAS19 AND ACCOUNTING CODE OF PRACTICE DISCLOSURE NOTES (continued)

Actuarial valuations are carried out every three years as required by legislation. The most recent valuation was undertaken by Hymans Robertson as at 31 March 2013. This identified a deficit of £359m which the actuary recommended should be recovered over a 22 year period through an average employer's contribution of 31.4% of pensionable pay.

Statutory provisions require the General Fund balance to be charged with the amount of retirement benefit contributions payable by the Council to the Pension Fund in the year, not the amount calculated according to the relevant accounting standards. Consequently, in Other Comprehensive Income 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 and any amounts payable to the Fund but unpaid at the year end. On this basis the London Borough of Croydon's cash contribution to the Pension Fund in 2014/15 was £26.5m at a contribution rate of 23.2% (£25.9m in 2013/14 at a contribution rate of 23.2%). The IAS19 determined charge to the General Fund, the amount exclusive of any appropriations to and from the Pensions Reserve, is £28.8m in 2014/15 (£26.3m in 2013/14).

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 (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as those applied to the Local Government Pension Scheme.

Actuarial Assumptions	**31 March 2015**	**31 March 2014**
Financial assumptions		
Rate of increase in salaries *	3.00%	3.40%
Rate of increase of pensions	2.10%	2.60%
Discount rate	3.10%	4.10%
Split of assets between investment categories		
Equities	37.00%	40.00%
Debt Securities	22.00%	23.00%
Private Equity	5.00%	4.00%
Real Estate	10.00%	8.00%
Investment Funds and Unit Trusts	25.00%	19.00%
Cash / Liquidity	1.00%	6.00%
Life expectancy		
of a male (female) future pensioner aged 65 in 20 years time	24.4 (26.7) years	24.4 (26.7) years
of a male (female) current pensioner aged 65	22.3 (24.4) years	22.3 (24.4) years
Commutation of pension for lump sum at retirement	take 50% of additional tax-free cash up to HMRC limits for pre-April 2008 and 75% of the maximun tax-free cash for post-April 2008 service	
Market value of total funds (£ millions)	851 as at 31 Mar 2015	720 as at 31 Mar 2014

* Salary increases are assumed to be 1% until 31 March 2015 reverting to the long term assumption shown thereafter.

43. PENSIONS - IAS19 AND ACCOUNTING CODE OF PRACTICE DISCLOSURE NOTES (continued)

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability

	31 March 2015			31 March 2014		
	Assets £000	Obligations £000	Net (Liability) /Asset £000	Assets £000	Obligations £000	Net (Liability) /Asset £000
Fair value of employer assets	628,335		628,335	666,396	0	666,396
Present value of funded liabilities		1,130,076	(1,130,076)	0	1,190,381	(1,190,381)
Present value of unfunded liabilities		10,699	(10,699)	0	9,935	(9,935)
Opening Position as at 31 March 2014 and 31 March 2013	**628,335**	**1,140,775**	**(512,440)**	**666,396**	**1,200,316**	**(533,920)**
Service cost:						
Current service cost *		28,845	(28,845)	0	26,343	(26,343)
Past service cost (including curtailments)		537	(537)	0	581	(581)
Effect of settlements	(186)	(9,372)	9,186	(10,639)	(19,054)	8,415
Total Service Cost	**(186)**	**20,010**	**(20,196)**	**(10,639)**	**7,870**	**(18,509)**
Net interest:						
Interest income on plan assets	25,591		25,591	29,481	0	29,481
Interest cost on defined benefit obligation		46,300	(46,300)	0	53,238	(53,238)
Impact of asset ceiling on net interest			0	0	0	0
Total Net Interest	**25,591**	**46,300**	**(20,709)**	**29,481**	**53,238**	**(23,757)**
Total Defined Benefit Cost Recognised in Profit or (Loss)	**25,405**	**66,310**	**(40,905)**	**18,842**	**61,108**	**(42,266)**
Cashflows:						
Plan participants' contributions	7,948	7,948	0	6,938	6,938	0
Employer contributions	26,486		26,486	25,867	0	25,867
Contributions in respect of unfunded benefits	715		715	744	0	744
Benefits paid	(41,940)	(41,940)	0	(39,521)	(39,521)	0
Unfunded benefits paid	(715)	(715)	0	(744)	(744)	0
Expected Closing Position	**646,234**	**1,172,378**	**(526,144)**	**678,522**	**1,228,097**	**(549,575)**
Remeasurements:						
Changes in demographic assumptions			0	0	(5,563)	5,563
Changes in financial assumptions		111,111	(111,111)	0	9,636	(9,636)
Other experience		(10,754)	10,754	0	(91,395)	91,395
Return on assets excluding amounts included in net interest	69,873		69,873	(50,187)	0	(50,187)
Changes in asset ceiling			0	0	0	0
Total remeasurements recognised in Other Comprehensive Income (OCI)	**69,873**	**100,357**	**(30,484)**	**(50,187)**	**(87,322)**	**37,135**
Exchange differences	0	0	0	0	0	0
Effect of business combinations and disposals	0	0	0	0	0	0
Fair value of employer assets	716,110		716,110	628,335	0	628,335
Present value of funded liabilities		1,262,547	(1,262,547)	0	1,130,076	(1,130,076)
Present value of unfunded liabilities **		10,188	(10,188)	0	10,699	(10,699)
Closing Position as at 31 March 2015 and 31 March 2014	**716,110**	**1,272,735**	**(556,625)**	**628,335**	**1,140,775**	**(512,440)**

* The service cost figures include an allowance for administration expenses of 1.1% of payroll.

** (31 March 2015) This liability comprises of approximately £9,553,000 in respect of LGPS unfunded pensions and £635,000 in respect of Teachers' unfunded pensions. For unfunded liabilities as at 31 March 2015, it is assumed that all unfunded pensions are payable for the remainder of the member's life. It is further assumed that 90% of pensioners are married (or cohabiting) at death and that their spouse (cohabitee) will receive a pension of 50% of the member's pension as at the date of the member's death.

43. PENSIONS - IAS19 AND ACCOUNTING CODE OF PRACTICE DISCLOSURE NOTES (continued)

The valuation of employer assets used in this analysis differs from the figures presented in the Pension Fund Statements in that it uses an estimate of returns (-0.1%) because it has to be prepared in advance of the year end, whereas the Pension Fund Accounts are prepared on the basis of actual and not assumed figures after the year's end. Regardless of this detail the movement in the value of these assets reflects the stagnation of the financial markets over the reporting period and beyond, a consequence of the continued global financial crisis. The schedule on page 72 shows an decrease in the funding level; the net liability has increased from £512 million to £556 million. The principle driver for this movement is the decrease in the present value of funded liabilities, relating to employee members of the scheme, deferred pensioners and pensioners.

It should be noted however that this IAS19 valuation is not an assessment of the cash value of the funding difference; it is a notional sum that is reversed out through the Local Government accounting mechanism.

IAS19 requires that the cost of retirement benefits is recognised in the Comprehensive Income and Expenditure Statement when the entitlement is earned, irrespective of when the benefits are actually paid. However, the charge the Council is required to make in its financial statements is equal to the actual contribution to the Pension Fund payable in the year. Consequently, a transfer is made to, or from, the Pensions Reserve to achieve this.

The other adjustment to the Pensions Reserve during the year represents the Experience / Actuarial gain or loss recognised during the year. The gain or loss calculated is taken directly to Other Comprehensive Income.

Consequently, the balance on the reserve represents the amount required to meet the estimated liability for future pensions, and the change in the reserve during the year represents the change in that liability.

Fair value of employers assets

The below asset values are at bid value as required under IAS19. Please note, where IAS19 asset splits were not available at the exact start and end dates, we have used the nearest IAS19 assets split prior to these dates.

	Period Ended 31 March 2015				Period Ended 31 March 2014			
Asset Category	**Quoted Prices in Active Markets £000**	**Quoted Prices not in Active Markets £000**	**Total £000**	**Percentage of Total Assets %**	**Quoted Prices in Active Markets £000**	**Quoted Prices not in Active Markets £000**	**Total £000**	**Percentage of Total Assets %**
Equity Securities:								
Consumer	51,233		51,233	7.2	61,947	0	61,947	9.9
Manufacturing	75,361		75,361	10.5	43,429	0	43,429	6.9
Energy and Utilities	20,268		20,268	2.8	13,017	0	13,017	2.1
Financial Institutions	53,132		53,132	7.4	47,827	0	47,827	7.6
Health and Care	8,541		8,541	1.2	20,631	0	20,631	3.3
Information Technology	53,226		53,226	7.4	40,220	0	40,220	6.4
Other	7,739		7,739	1.1	38,312	0	38,312	6.1
Debt Securities:								
Other	155,004		155,004	21.6	142,068	0	142,068	22.6
Private Equity:								
All		36,022	36,022	5.0	0	25,005	25,005	4.0
Real Estate:								
UK Property	62,095		62,095	8.7	34,930	0	34,930	5.6
Overseas Property	6,097		6,097	.9	9,804	0	9,804	1.6
Investment Funds and Unit Trusts:								
Equities	126,827		126,827	17.7	79,387	0	79,387	12.6
Bonds	0		0	0	0	0	0	0
Hedge Funds	27,778		27,778	3.9	11,796	0	11,796	1.9
Commodities			0	0	0	0	0	0
Infrastructure		24,022	24,022	3.4	0	23,524	23,524	3.7
Other			0	0	0	0	0	0
Cash and Cash Equivalents:								
All	8,765		8,765	1.2	36,438	0	36,438	5.8
Totals	**656,066**	**60,044**	**716,110**	**100**	**579,806**	**48,529**	**628,335**	**100**

43. PENSIONS - IAS19 AND ACCOUNTING CODE OF PRACTICE DISCLOSURE NOTES (continued)

Key Financial Data Relating to the Current and Four Previous Periods

	31 March 2015 £000	31 March 2014 £000	31 March 2013 £000	31 March 2012 £000	31 March 2011 £000
Present value of benefit obligations	(1,272,735)	(1,140,775)	(1,200,316)	(1,054,168)	(963,272)
Fair value of Fund assets	716,110	628,335	666,396	613,401	617,831
Surplus / (Deficit) of the Fund	(556,625)	(512,440)	(533,920)	(440,767)	(345,441)
Experience adjustments on Fund liabilities	100,357	(87,322)	118,656	(53,007)	104,943
Expressed as a percentage	(7.89%)	7.65%	(9.89%)	5.03%	(10.89%)
Experience adjustments on Fund assets	69,873	(50,187)	34,152	(39,414)	27,903
Expressed as a percentage	9.76%	(7.99%)	5.12%	(6.43%)	4.52%

HOUSING REVENUE ACCOUNT - COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

INTRODUCTION

The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to Croydon Council's own housing stock. Income and expenditure on other housing services provided by the Council is recorded in the General Fund. The items recorded within the HRA are prescribed by statute because the Council has no general discretion to transfer sums into or out of the HRA, this type of account is known as ring fenced.

The ring fence was introduced by the Local Government and Housing Act 1989, to ensure that rents paid by Local Authority tenants accurately and realistically reflected the cost of providing the housing service.

	Note No.	2014/15 £000	2013/14 £000
Income			
Dwelling rents		(75,370)	(72,374)
Non-dwelling rents		(1,532)	(1,370)
Charges for services and facilities		(16,213)	(13,126)
Contributions towards expenditure		(121)	(43)
Capital grants and contributions receivable		-	(603)
Total Income		(93,236)	(87,516)
Expenditure			
Repairs and maintenance		11,424	13,732
Supervision and management		32,704	31,887
Rents, rates, taxes and other charges		1,540	1,703
Allowance for debtors		(30)	993
Depreciation of non-current assets		14,463	14,463
Impairment of non-current assets		0	0
Amortisation of intangible assets		26	29
Revenue expenditure funded from capital under statute		5,076	31,816
Total Expenditure		65,203	94,623
Net cost of HRA services as included in the whole-Authority Comprehensive Income and Expenditure Statement		(28,033)	7,107
HRA services share of Corporate and Democratic Core		489	152
HRA share of Pensions Reserve contributions not allocated to specific services	5	(840)	(744)
Net cost of HRA services		(28,384)	6,515
Gain or loss on sale of HRA non-current assets		(7,954)	(2,758)
Gain or loss on revaluation of non-current assets		-	(1,257)
Housing pooled capital receipt		1,841	1,627
Interest payable and similar charges		11,896	11,895
Interest and investment income		(44)	(32)
Pensions interest costs and expected return on pensions assets		2,012	2,257
Capital Grants & Contributions Receivable		(540)	-
(Surplus)/ deficit for the year on HRA services		(21,173)	18,247

THE MOVEMENT ON THE HRA STATEMENT

This Statement takes the outturn on the HRA Comprehensive Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

	Note No.	2014/15 £000	2013/14 £000
HRA surplus balance brought forward		(10,810)	(9,364)
(Surplus)/deficit for the year on the HRA Comprehensive Income and Expenditure Statement		(21,173)	18,247
Amounts included in the HRA Comprehensive Income and Expenditure Statement but are required by statute to be excluded when determining the movement on the HRA balance for the year			
Transfer to/(from) Major Repairs Reserve	3	2,998	2,471
Amortisation of intangible assets		(26)	(29)
Impairment of non-current assets	2	0	0
Gain or loss on revaluation of non-current assets		0	1,257
Gain or loss on sale of HRA non-current assets		7,954	2,758
Capital Grants & Contributions Receivable		540	603
Revenue expenditure funded from capital under statute	3/4	(5,076)	(31,816)
Net charges made for retirement benefits in accordance with IAS19		(1,331)	(1,487)
		5,059	(26,243)
Amounts excluded in the HRA Comprehensive Income and Expenditure Statement but are required by statute to be included when determining the movement on the HRA balance for the year			
Amortisation of premiums and discounts		98	393
Capital expenditure funded by the Housing Revenue Account		13,368	7,784
Housing pooled capital receipt		(1,841)	(1,627)
		11,625	6,550
Contributions to/from reserves			
Short-Term Accumulating Compensated Absences (STACA)		32	0
Transfer to/from HRA Balances		0	0
		32	0
Net additional amounts		16,716	(19,693)
(Increase)/decrease in HRA balance for the year		(4,457)	(1,446)
HRA balance carried forward		(15,267)	(10,810)

NOTES TO THE HOUSING REVENUE ACCOUNT

1. NUMBER AND TYPE OF DWELLINGS IN THE HOUSING STOCK

Types of Property	2014/15	2013/14
Houses	5,334	5,404
Flats	8,524	8,570
Relocatable Homes	14	24
Total Dwellings	13,872	13,998

2.1. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY ASSETS CATEGORY VALUES

2014/15	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant Furniture and Equipment £000	Surplus Assets £000	Investment Property £000	Total £000
Net book value as at 1 April 2014	630,416	14,758	0	601	180	645,955
Gross book value as at 1 April 2014	884,135	14,815	195	660	180	899,985
Additions	36,521	0	0	0	0	36,521
Revaluation increase/(decrease) recognised in the Revaluation Reserve	76,521	(3,661)	0	0	0	72,860
Revaluation increase/(decrease) recognised in Income and Expenditure	0	31	0	0	0	31
Derecognition - Disposals	(6,807)	0	0	0	0	(6,807)
Transfers/Reclassifications	0	0	0	0	0	0
Gross book value as at 31 March 2015	990,370	11,185	195	660	180	1,002,590
Accumulated Depreciation and Impairment						
At 1 April 2014	253,719	57	195	59	0	254,030
Depreciation for year	13,985	463	0	15	0	14,463
Depreciation written out to the Revaluation Reserve	(13,911)	(501)	0	0	0	(14,412)
Depreciation written out to Income and Expenditure	0	(3)	0	0	0	(3)
Derecognition - Disposals	(2,061)	0	0	0	0	(2,061)
Transfers/Reclassifications	0	0	0	0	0	0
Accumulated Depreciation and Impairment at 31 March 2015	251,732	16	195	74	0	252,017
Net book value as at 31 March 2015	738,638	11,169	0	586	180	750,573

The Council is required to charge depreciation on all HRA properties, including non-dwelling properties.

Depreciation is charged on Council dwellings, excluding garages and parking spaces. It is calculated on the basis of their fair value which is then adjusted by the Existing Use Value - Social Housing factor.

2.2. PROPERTY, PLANT AND EQUIPMENT ASSETS CATEGORY VALUES

The depreciation charge in respect of HRA dwellings is a real charge in the HRA. Unlike depreciation charges in respect of other Local Authority assets, it is not offset against Minimum Revenue Provision (MRP) or reversed out (except in the limited circumstances where the depreciation charge is higher than the MRA, in which case the difference is reversed out).

Authorities are required by the Accounts and Audit (England) Regulations 2011 to maintain the Major Repairs Reserve (MRR), which controls an element of the capital resources required to be used on HRA assets or for capital financing purposes. Under the new arrangements in the self-financing HRA there are two entries which primarily will establish the resources available on an annual basis in the Major Repairs Reserve:

the regulations require the MRR to be credited with an amount equivalent to the total depreciation charges for all HRA assets

if Authorities choose to adopt the transitional arrangements (Croydon has done so), the Item 8 Determination permits the Authority to abate the amount they charge for depreciation on HRA dwellings down to a notional Major Repairs Allowance figure (thus effectively reducing the MRR by up to this amount).

The depreciation charge applicable to Croydon is lower than the MRA, consequently, an abatement is not applicable. In 2014/15 the Major Repairs Allowance (MRA) for Croydon was increased from £16.457m to £16.983m. The annual 2014/15 HRA depreciation charge was £14.463m, split between dwellings depreciation of £13.985m and non dwellings depreciation of £0.478m. As per the terms of the transitional period of the self-financing settlement, the difference, either higher or lower, between the value of the dwellings depreciation charge and the MRA was transferred to the Major Repairs Reserve (MRR), in this case £2.998m - please see Note 3.

The physical properties represented in the financial tables and their vacant possession value are disclosed below:

	31 March 2015	31 March 2014
Total Dwellings	13,872	13,998
Leaseholds	2,163	2,127
Garages	3,181	3,338
Parking Spaces	95	95
	19,311	19,558
Vacant possession value of dwellings at 31 March 2015	£2,952m	
Vacant possession value of dwellings at 31 March 2014	£2,517m	
Vacant possession value of dwellings at 1 April 2013		£2,310m

The vacant possession value is the Authority's estimate of the total sum that it would receive if all the assets were sold on the open market.

For the Balance Sheet, Council dwellings are required, by the Housing Revenue Account (Accounting Practices) Directions 2007, to be valued in a way that reflects their occupation by sitting tenants enjoying rents at less than open market rents and tenants' rights including the Right to Buy. This reduction from vacant possession values is achieved by the application of an adjustment, known as Existing Use Value - Social Housing (EUV-SH) factor. It is calculated by the Government at 25% giving a value of £2,517m x 25% = £629m as at 31 March 2014.

The valuation of council dwellings as at 31 March 2015 was undertaken by Mouchel. This led to an increase in the vacant possession value of £435m to £2,952m. The EUV-SH value was £2,952m x 25% = £738m as at 31 March 2015. Changes during the year bring the net book value to £739m

The difference between the vacant possession value and Balance Sheet value of dwellings within the HRA shows the economic cost to Government of providing Council housing at less than market rents.

3. CAPITAL EXPENDITURE

	2014/15 £000	2013/14 £000
Expenditure		
Non-current assets (buildings)	36,521	0
Revenue expenditure funded from capital under statute	5,076	31,816
Intangible assets	39	48
	41,636	31,864
Financed By		
Borrowing approvals	8,078	3,866
Capital receipts	2,667	3,152
Government grants and other contributions	540	605
Direct revenue contributions	13,368	7,784
Major Repairs Reserve	16,983	16,457
	41,636	31,864

Capital Receipts

	2014/15 £000	2013/14 £000
Balance brought forward	364	636
Mortgage repayments	6	54
Other capital receipts	0	0
Net surplus for year	6	54
Receipts from sales of assets during the year	12,700	4,453
Transfer to Housing Capital Receipts Pool	(1,841)	(1,627)
Balance of receipts after transfer	10,859	2,826
Balance on account before application of receipts	11,229	3,516
Financing of capital expenditure	(2,667)	(3,152)
Balance carried forward	8,562	364

Major Repairs Reserve	2014/15 £000	2013/14 £000
Opening balance as at 1 April	947	470
Depreciation charge to HRA	14,463	14,463
Capital expenditure during the year	(16,983)	(16,457)
Other reserve adjustments	2,998	2,471
Closing balance as at 31 March	1,425	947

4. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Revenue expenditure funded from capital under statute relates to expenditure on assets that do not belong to the Council. The amounts are written out in the Movement on the HRA Statement.

5. HRA SHARE OF CONTRIBUTIONS TO THE PENSIONS RESERVE

The HRA contribution to the Pensions Reserve is based on the employer's contributions for the HRA as a proportion of the total employers' contributions to the Pension Fund and calculated in accordance with IAS19.

6. DEBTORS AND ALLOWANCE FOR DOUBTFUL DEBT

	2014/15		2013/14	
	Debtors	Allowance for Doubtful Debt	Debtors	Allowance for Doubtful Debt
	£000	£000	£000	£000
Housing Revenue Account rents	5,483	(4,053)	6,037	(4,822)
Housing Revenue Account lease holder service charges/major works	5,762	(164)	2,828	(183)
Housing Revenue Account other debtors	24	0	34	0
	11,269	(4,217)	8,899	(5,005)

COLLECTION FUND

INCOME AND EXPENDITURE ACCOUNT

	Note No.	2014/15 Business Rates £000	2014/15 Council Tax £000	2014/15 Total £000	2013/14 Total £000
INCOME DUE					
Council Tax-payers	2	0	173,893	173,893	170,309
Business Rates	1(a)	112,273	0	112,273	112,632
Crossrail Business Rate Supplement	1(b)	3,674	0	3,674	3,513
Total Income		115,947	173,893	289,840	286,454
EXPENDITURE					
Precepts, Demands and Shares:	3				
- London Borough of Croydon		33,533	129,313	162,846	159,235
- Greater London Authority (GLA)		22,063	33,008	55,071	54,722
- Communities and Local Government (CLG)		55,159	0	55,159	55,286
- Communities and Local Government (Crossrail)	1(b)	3,661	0	3,661	3,497
		114,416	162,321	276,737	272,740
National Non-Domestic Rates	1(a)				
Charges to the Collection Fund:					
- Changes in Provision for Bad and Doubtful Debts		587	(4,854)	(4,267)	(589)
- Write-offs of Bad Debt		4,499	6,262	10,761	7,437
- Changes in Provision for Appeals		1,004	0	1,004	5,796
- Cost of Collection		438	0	438	435
- Cost of Collection - Crossrail		14	0	14	16
		6,542	1,408	7,950	13,095
Total Expenditure		120,958	163,729	284,687	285,835
(Surplus)/Deficit for year		5,011	(10,164)	(5,153)	(619)
Distribution of Previous Year's Collection Fund Surplus:					
- London Borough of Croydon		99	3,337	3,436	4,531
- Greater London Authority (GLA)		67	864	931	1,221
- Communities and Local Government (CLG)		167	-	167	
Total Distribution of Previous Year's Collection Fund Surplus		333	4,201	4,534	5,752
Balance brought forward (surplus)/deficit		5,994	(8,560)	(2,566)	(7,699)
Balance carried forward (surplus)/deficit		11,338	(14,523)	(3,185)	(2,566)
Allocation of surplus					
Surplus declared in the January Delegation report to be distributed in the following year:					
- LB Croydon		3,474	(9,482)	(6,008)	(3,337)
- GLA		2,316	(2,421)	(105)	(864)
- CLG		5,789	-	5,789	0
Fund balance and deficit carried forward:					
- LB Croydon		(72)	(2,087)	(2,159)	(1,665)
- GLA		(48)	(533)	(581)	303
- CLG		(121)	0	(121)	2,997
Total Fund balance		11,338	(14,523)	(3,185)	(2,566)

NOTES TO THE COLLECTION FUND

INTRODUCTION

This account summarises the transactions of the Collection Fund, the purpose of which is to receive Council Tax and National Non-Domestic Rates and apply the proceeds. The Council, together with the Greater London Authority and the Department of Communities and Local Government, demands/precepts upon the Fund to meet its expenditure, from both Council Tax and National Non-Domestic Rates. The amounts of the demands/precepts are set at the beginning of the year and cannot vary.

The account is a statutory Fund required by the Local Government Finance Act 1988, separate from the other revenue accounts of the Council, whose transactions are wholly prescribed by legislation. The Council has no discretion to determine which receipts and payments are accounted for within and outside the Fund.

The Collection Fund is consolidated into the Council's Balance Sheet; there is no requirement to prepare a separate Balance Sheet.

1 (a) NATIONAL NON-DOMESTIC RATES COLLECTABLE

The Council collects Non-Domestic Rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform basis set nationally by Central Government. Prior to 1st April 2013, the total amount due, less certain allowances, was paid to a central pool administered by Central Government, which, in turn, paid Local Authorities their share of the pool, such shares being based on a standard amount per head of population.

In 2013/14, the administration of NDR changed following the introduction of a business rates retention scheme which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NDR to the central pool, local authorities retain a proportion of the total collectable rates due with the rest distributed to preceptors as follows:

- ► Central Government - 50%
- ► LB Croydon - 30%
- ► Greater London Authority - 20%

The total Non Domestic Rateable Value as at 31 March 2015 was £287,233,627 (£291,138,174 at 31 March 2014). The multiplier for 2014/15 was set at 48.2p (47.1p for 2013/14) and the multiplier for small businesses was set at 47.1p (46.2p for 2013/14).

1 (b) CROSSRAIL BUSINESS RATE SUPPLEMENT

The Greater London Authority (GLA) introduced a business rate supplement (BRS) on 1 April 2010 to finance £4.1 billion of the costs of the £15.9 billion Crossrail project. This is levied at a rate of 2p (the BRS multiplier) on non-domestic properties in London with a rateable value of over £55,000 (i.e. £55,001 or more). The total amount collected less certain relief and other deductions is paid to the Greater London Authority.

2. COUNCIL TAX BASE

Council Tax is a banded capital value based property tax with a 25% discount where only one adult is liable. Under the arrangements for Council Tax, each domestic property within the Council's area was assigned to one of eight valuation bands based on the estimated market value at 1 April 1991. The income derives from the Tax levied according to which of the eight bands a property has been assigned.

Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the precepting Authorities and the Council for the forthcoming year and dividing this by the Council Tax Base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent). The basic amount of Council Tax so calculated for a Band D property, £1,470.39 for 2014/15 (£1,474.39 for 2013/14) is multiplied by the proportion specified for the particular band to give an individual amount due.

2. COUNCIL TAX BASE (continued)

Council Tax bills are based on the following proportions and property numbers for Bands A to H:

Council Tax Base 2014/15

Valuation Band	Number of Chargeable Dwellings	Band D Proportion	Band D Equivalent Dwellings	Council Tax £.pp	Council Tax Income £000
Band A	1,697	6/9	1,131	980.26	1,664
Band B	12,941	7/9	10,065	1,143.64	14,800
Band C	32,111	8/9	28,543	1,307.01	41,969
Band D	25,760	1	25,760	1,470.39	37,877
Band E	17,824	11/9	21,785	1,797.14	32,032
Band F	10,119	13/9	14,616	2,123.90	21,492
Band G	6,688	15/9	11,146	2,450.65	16,390
Band H	557	18/9	1,114	2,940.78	1,638
Total			114,160		167,862
Multiplied by estimated collection rate			97%		
Number of Band D equivalent dwellings			110,393		
Total of Demands/Precepts for year			166,522		
Adjustments during the year (including prior years)					6,031
Final collectable amount					173,893
Income per Collection Fund:					
Council Tax collectable					173,893
Council Tax benefits					-
Final collectable amount					173,893

3. DEMANDS AND PRECEPTS

The Collection Fund is required to meet in full during the financial year the precepts and demands made on it by precepting Authorities and its own requirement as the billing Authority. Croydon Council's only precepting body is the Greater London Authority (GLA). The GLA requirement includes the budgets of its four functional bodies i.e. the Metropolitan Police Authority, the London Fire and Emergency Planning Authority, Transport for London and the London Development Agency.

This item therefore comprises the precept informed to Croydon by the GLA and its own demand, determined as required by the 1992 Act before the start of the financial year. The Authority's own payment is made direct to the General Fund.

	2014/15 £.pp	2013/14 £.pp
Band D equivalent Council Tax charge	1,470.39	1,474.39
Split thereof:		
Croydon	1,171.39	1,171.39
Greater London Authority	299.00	303.00
Total	1,470.39	1,474.39
Payment to Croydon		
Share of Band D equivalent Council Tax charge	1,171.39	1,171.39
Number of Band D equivalent dwellings	110,393	107,618
Total	129,313,256.27	126,062,649.02
Rounded to £000's	129,313	126,063
Payment to the Greater London Authority		
Share of Band D equivalent Council Tax charge	299.00	303.00
Number of Band D equivalent dwellings	110,393	107,618
Total	33,007,507.00	32,608,254.00
Rounded to £000's	33,008	32,608

4. TRANSFERS FROM THE GENERAL FUND - COUNCIL TAX BENEFITS

Council Tax Benefit ceased from 1st April 2013 and was replaced by a new Local Council Tax Support Scheme, where the cost of any discounts given as part of the new scheme are removed directly from the Council Tax due.

Pension Fund Accounts 2014/15

September 2015

CROYDON
www.croydon.gov.uk

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

We have audited the pension fund financial statements of the London Borough of Croydon for the year ended 31 March 2015 under the Audit Commission Act 1998. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

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

Respective responsibilities of the Assistant Chief Executive (Corporate Resources and Section 151 Officer) and Auditor

As explained more fully in the Statement of Responsibilities, the Assistant Chief Executive (Corporate Resources and Section 151 Officer) is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the pension fund financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards also require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the pension fund financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the pension fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Assistant Chief Executive (Corporate Resources and Section151 Officer); and the overall presentation of the pension fund financial statements. In addition, we read all the financial and non-financial information in the Financial Review of 2014/15 to identify material inconsistencies with the audited pension fund financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the pension fund financial statements

In our opinion the pension fund financial statements:

- ► give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2015 and of the amount and disposition of the fund's assets and liabilities as at 31 March 2015 and
- ► have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and applicable law.

Opinion on other matters

In our opinion, the information given in the Financial Review of 2014/15 for the financial year for which the pension fund financial statements are prepared is consistent with the pension fund financial statements.

Susan M Exton
Director

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

Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

25 September 2015

CROYDON'S ROLE AS A PENSION ADMINISTERING AUTHORITY

The Council as a Local Authority and a pension administering Authority is acting in two separate roles. As a Local Authority it is accountable to the residents of the London Borough of Croydon for its stewardship of public funds. As a pension administering Authority it is accountable both to its employees who are members of the Pension Fund, and to past employees in receipt of a pension for its stewardship of pension assets. The two roles, and the relevant interest groups, are significantly different. Consequently, the Pension Fund accounts are presented in an appendix to clearly demonstrate the distinction.

FUND'S OPERATIONS AND MEMBERSHIP

The London Borough of Croydon Pension Fund (the Fund) operates a defined benefit scheme whose purpose is to provide benefits to all of the Council's employees, with the exception of teaching staff, and to the employees of admitted and scheduled bodies who are members of the Fund. These benefits include retirement pensions and early payment of benefits on medical grounds and payment of death benefits where death occurs either in service or in retirement.
The benefits payable in respect of service from 1st April 2014 are based on career average revalued earnings and the number of years of eligible service. Pensions are increased each year in line with the Consumer Price Index.

The Fund is governed by the Public Service Pensions Act 2013 and the LGPS Regulations 2013 (as amended) and the LGPS (Management and Investment of Funds) Regulations 2009 (as amended).

Below is a list of the admitted and scheduled bodies contributing to the Fund:

Admitted:
Apetito, AXIS Europe plc (Housing Repairs), BRIT School, Cabrini Children's Society, Capita Secure Information Solutions Ltd, Carillion Integrated Services, Churchill Services, Creative Environmental Networks, Croydon Citizen's Advice Bureau, Croydon Community Mediation, Croydon Voluntary Action, Eldon Housing Association, EM Highway Services Ltd, Fairfield (Croydon) Ltd, Fusion, Ground Control, Impact Group Ltd, Interserve, London Hire Services Ltd Mayday Travel Ltd, Olympic (South) Ltd, Quadron Services, Skanska Construction, Sodexo Ltd Veolia Environmental Services (UK) Ltd, Vinci Facilities, Wallington Cars and Couriers.

Scheduled:
Addington High Academy, Aerodrome Primary Academy, Applegarth Academy, ARK Oval Primary Academy, Atwood Primary School, Castle Hill Academy, Coulsdon College, Croydon Care Solutions, Croydon College, David Livingstone Academy, Forest Academy, Gonville Academy, Harris Academy (Purley), Harris Academy (South Norwood), Harris Academy (Upper Norwood), Harris City Academy (Crystal Palace), Harris Primary Academy (Benson), Harris Primary Academy (Kenley), John Ruskin College, Norbury Manor Business and Enterprise College for Girls, Oasis Academy Byron, Oasis Academy Coulsdon,Oasis Academy Ryelands Oasis Academy Shirley Park, Pegasus Academy, Quest Academy, Riddlesdown Collegiate, Robert Fitzroy Academy, Shirley High School Performing Arts College, St Cyprian's Greek Orthodox Primary School Academy, St James the Great RC Primary and Nursery School, St Joseph's College, St Thomas Becket Catholic Primary School, Winterbourne Junior Boys, West Thornton Primary Academy, Wolsey Junior Academy, Woodcote High School.

Management of the Fund

The London Borough of Croydon has a statutory responsibility to administer and manage the London Borough of Croydon Pension Fund on behalf of all the participating employers of the Fund in Croydon, and the past and present contributing members, and their dependents.

The Council is also responsible for making decisions governing the way the Fund is invested. In this respect, the Council delegates responsibility for making investment decisions and monitoring arrangements to the Pension Committee. The Pension Committee's responsibilities include reviewing and monitoring the Fund's investments; selecting and deselecting investment managers and other relevant third parties and establishing investment objectives and policies. The Pension Committee is made up of eight voting Members of the Council, two non-voting pensioner representatives, one co-opted non-voting member and a non-voting employee representative. In addition, the Committee is supported by officers and external advisors.

PENSION FUND ACCOUNTS

FUND ACCOUNT

	Notes	2014/15 £'000	2013/14 £'000
Dealings with members, employers and others directly involved in the fund			
Contributions	8	49,593	49,589
Individual Transfers in from Other Pension Funds		2,768	2,729
		52,361	**52,318**
Benefits			
Pensions	9	37,511	35,714
Commutation, Lump Sum Retirement and Death Benefits	9	8,689	8,535
Payments to and on Account of Leavers			
Individual Transfers Out to Other Pension Funds		2,139	2,568
Refunds to Members Leaving Service		62	6
		48,401	**46,823**
Net additions from dealings with members		**3,960**	**5,495**
Management Expenses	10	**4,478**	**4,236**
RETURNS ON INVESTMENTS			
Investment Income	11	9,150	7,096
Taxes on Income (Irrecoverable Withholding Tax)	11	(292)	(768)
		8,858	**6,328**
Profit and loss on disposal of investments and changes in the market value of investments	13	**110,372**	**29,008**
Net returns on investments		**119,230**	**35,336**
Net increase in the Fund during the year		118,712	36,595
Net assets at the start of the year		741,887	705,292
Net assets at the end of the year		860,599	741,887

NET ASSETS STATEMENT	Notes	31 March 2015 £'000	31 March 2014 £'000
Investments held by the Fund Managers:			
Global equities - segregated funds	13	430,301	284,739
Global equities - pooled funds	13	50,438	107,866
Private equity	13	45,248	30,804
Infrastructure	13	29,485	26,314
Fixed Interest	13	178,717	164,037
Hedge funds	13	32,398	29,567
Property	13	77,346	65,028
Derivatives	13	36	-
Total Investments held by the Fund Managers		843,969	708,355
Other Balances held by the Fund Managers			
Cash held by the Fund Managers	13	10,118	6,477
Investment income due	13	1,205	688
Amounts receivable for sales	13	-	2,162
Amounts payable for purchases	13	(39)	(1,736)
Total Other Balances held by the Fund Managers		11,284	7,591
Total Assets held by the Fund Managers		855,253	715,946
Current Assets	17	12,533	32,549
Current Liabilities	18	(7,187)	(6,608)
Net Assets of the fund available to fund benefits		860,599	741,887

NOTES TO THE PENSION FUND ACCOUNTS

1. GENERAL PRINCIPLES

The financial statements have been prepared in accordance with the provisions of Sections 6.5.1 to 6.5.5 of the 2014/15 Code of Practice on Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code of Practice on Local Authority Accounting in the United Kingdom is based on International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and the net assets available to pay pension benefits. They do not take account obligations to pay pensions and benefits which fall due after the accounting year. The actuarial position of the fund which does take into account such obligations is dealt with in note 23.

2. STATEMENT OF INVESTMENT PRINCIPLES

This is published on the Croydon Pension Scheme web page http://www.croydonpensionscheme.org/

3. BASIS OF PREPARATION

Going Concern
The Pension Fund Accounts have been prepared on a going concern basis. That is the accounts assume that the Fund will continue in operational existence for the foreseeable future. This means, in particular, that the accounts assume that there is no intention to curtail significantly the scale of operations.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contribution income
Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary in the payroll period to which they relate. Employer deficit funding contributions are accounted for in accordance with the agreement under which they are being paid. Pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset.

Transfers to and from other schemes
Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged. Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers in. Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

Investment income
- **Interest income**: Interest income is recognised in the fund account as it accrues.
- **Dividend income**: Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.
- **Distributions from pooled funds**: Distributions from pooled funds are recognised by our fund managers at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a financial asset.
- **Movement in the net market value of investments**: Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year

Benefits payable
Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

Taxation
The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management expenses
Pension fund management expenses are accounted for in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Costs. The comparator figures for 2013/14 have been restated to reflect the implementation of the CIPFA guidance.

Administrative expenses
All administrative expenses are accounted for on an accruals basis. All staff costs of the pensions administration team are recharged at year end from the Authority to the Pension Fund.

Oversight and Governance costs
All oversight and governance expenses are account for on an accruals basis. All staff costs associated with oversight and governance are charged to the Fund.

The cost of obtaining investment advice from the external advisors is included in oversight and governance costs.

Investment management expenses
All investment management expenses are accounted for an accruals basis. Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. A proportion of the Council's costs representing management time spent by officers on investment management are recharged to the Fund.

Financial assets
Financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of asset are recognised by the Fund. Quoted securities and Pooled Investment Vehicles have been valued at bid price. Quoted securities are valued by the Fund's custodian; Bank of New York Mellon. Pooled Investments, Private Equity, Infrastructure, Hedge funds and Pooled Property Investments are as quoted by their fund managers.

Derivatives
Derivatives are valued at fair value on the following basis: assets at bid price and liabilities at offer price. Changes in the fair value are included in the change in market value in the Fund account. The value of open futures contracts is determined using exchange prices at the reporting date.

Foreign currency transactions
Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of the transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the year end.

Cash and cash equivalents
Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Financial liabilities
The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

Actuarial present value of promised retirement benefits
The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted by the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (Note 23).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additional voluntary contributions
The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. The Fund has appointed Prudential as its AVC provider. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. AVCs are not included in the accounts in accordance with section 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009/3093) but are disclosed as a note only (Note 22).

5. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Pension fund liability
The pension fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 23. This estimate is subject to significant variances based on changes to the underlying assumptions.

Unquoted private equity and infrastructure investments
It is important to recognise the highly subjective nature of determining the fair value of many private equity and infrastructure investments. They are inherently based on forward-looking estimates and judgements involving factors which include the valuations of companies deemed comparable to the asset being valued, the future cash flow expectations and discount factors used.

6. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER SOURCES OF ESTIMATION UNCERTAINTY

The statement of accounts contains estimated figures that are based on assumptions made by the Council about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different in the forthcoming year.

Actuarial present value of promised retirement benefits
Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. A firm of consulting actuaries is engaged to provide the fund managers with expert advice about the assumptions to be applied.

The effects on the net pension liability can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liablity of £87m. A 0.5% increase in the salary increase assumption would result in a £21m increase in the pension liability. A 0.5% increase in the pension increase assumption would result in a £73m increase and a 1 year increase in the life expectancy would result in a £32m increase to the pension liability.

7. FUND INFORMATION

The last full triennial Actuarial Valuation was completed as at 31 March 2013 which calculated the total accrued liabilities to be £1,064m (2010: £884m). The market value of the Fund's assets at the valuation date was £705m (2010: £583m). The Fund deficit was therefore £359m (2010: £301m) producing a funding level of 66.3% (2010: 66%).

The recommended common contribution rate effective 1 April 2014 was 31.4% (2010: 23.0%). The common contribution rate payable is the average future serivce rate for Fund employers plus an additional amount to recover the deficit and bring the funding level back to 100% over a period of 22 years, as set out in the Funding Strategy Statement. This does not represent the rate which any one employer is actually required to pay, nor is it the average of the actual employer rates.
The actual minimum employer rates are given below:

	Contribution rate required as a percentage of pay			**Plus Additional Payment (surplus adjustment)**		
	2014/15 % of pay	2015/16 % of pay	2016/17 % of pay	2014/15 £'000	2015/16 £'000	2016/17 £'000
London Borough of Croydon and Grouped Scheduled Bodies						
London Borough of Croydon	13.1	14.1	15.1	11,594	11,594	11,594
Croydon College	13.1	14.1	15.1	393	393	393
Coulsdon College	13.1	14.1	15.1	84	84	84
John Ruskin College	13.1	14.1	15.1	55	55	55
Fairfield (Croydon) Ltd	13.1	14.1	15.1	22	22	22
Croydon Care Solutions	13.1	14.1	15.1	201	201	201
Other Grouped Bodies						
Croydon Voluntary Action	20.4	20.4	20.4	71	73	76
Cabrini Children's Society	20.4	20.4	20.4	232	239	247
Croydon Citizens Advice Bureau	20.4	20.4	20.4	6	6	6
Croydon Community Mediation	20.4	20.4	20.4	2	2	2
Creative Environmental Networks	20.4	20.4	20.4	4	4	5
BRIT School	17.9	17.9	17.9	35	36	38
Veolia	24.3	24.3	24.3	26	27	28
Interserve	23.2	23.2	23.2	73	76	78
Fusion	13.6	13.6	13.6	2	2	2
Eldon Housing PFI	18	18	18	-	-	-
Apetito	14.2	14.2	14.2	-	-	-
EM Highway Services Ltd	23	23	23	-	-	-
Mayday Travel Ltd	18.9	18.9	18.9	-	-	-
Impact Group	19.6	19.6	19.6	-	-	-
London Hire Services	19.2	19.2	19.2	-	-	-
Churchill Services	16.6	16.6	16.6	-	-	-
Olympic South Ltd	20.4	20.4	20.4	-	-	-
Wallington Cars	15.5	15.5	15.5	-	-	-
Skanska Construction UK Ltd	24.7	24.7	24.7	-	-	-
Ground Control	23.6	23.6	23.6	-	-	-
Sodexho Limited	18.2	18.2	18.2	-	-	-
Vinci Facilities	19.9	19.9	19.9	-	-	-
Carillion Integrated Services	20.7	20.7	20.7	-	-	-
Quadron Services	27.1	27.1	27.1	-	-	-
AXIS Europe plc (Housing Repairs)	25.5	25.5	25.5	-	-	-
Capita Secure Information Solutions Ltd	24.6	24.6	24.6	-	-	-
Keyring	25.6	25.6	25.6	-	-	-
Roman Catholic Archdiocese of Southwark	18.7	18.7	18.7	-	-	-

Academies	Contribution rate required as a percentage of pay 2014/15 % of pay	2015/16 % of pay	2016/17 % of pay	Plus Additional Payment (surplus adjustment) 2014/15 £'000	2015/16 £'000	2016/17 £'000
Harris City Academy (Crystal Palace)	13	13	13	-	-	-
Harris Academy (South Norwood)	15.1	15.1	15.1	6	6	6
Harris Academy (Upper Norwood)	18.9	18.9	18.9	12	12	13
Harris Primary Academy Benson	18.4	18.4	18.4	31	32	33
Harris Academy Kenley	16.0	16.0	16.0	10	10	11
Oasis Academy Coulsdon	20.8	20.8	20.8	64	66	68
Oasis Academy Shirley Park	18.1	18.1	18.1	123	127	132
Archbishop Lanfranc Academy	23.8	23.8	23.8	116	120	124
Harris Academy (Purley)	17.5	17.5	17.5	50	51	53
St Joseph's College	20.9	20.9	20.9	54	56	57
St Cyprian's Greek Orthodox Primary School	17.8	17.8	17.8	15	15	16
Norbury Manor Business and Enterprise Colleg	18.3	18.3	18.3	49	51	53
Woodcote High School	19.3	19.3	19.3	75	77	80
St James the Great R.C Primary	24.9	24.9	24.9	57	58	60
Riddlesdown Collegiate	17.3	17.3	17.3	83	85	88
Shirley High School	19.6	19.6	19.6	50	52	53
Oasis Academy Byron	18.6	18.6	18.6	15	16	16
Robert Fitzroy Acadmey	11.5	11.5	11.5	-	-	-
St Thomas Becket RC Primary	21.2	21.2	21.2	23	23	24
Aerodome Primary School	18.1	18.1	18.1	14	15	15
The Quest Academy	20.4	20.4	20.4	46	47	49
ARK Oval Primary Academy	15.3	15.3	15.3	6	7	7
Pegasus Academy Trust	18.7	18.7	18.7	39	40	41
Gonville Academy (STEP)	19.9	19.9	19.9	17	17	18
West Thornton Primary Academy	16.8	16.8	16.8	41	43	44
David Livingstone Academy (STEP)	16.0	16.0	16.0	1	1	1
Addington High School	18.5	18.5	18.5	49	51	52
Applegarth School	18.3	18.3	18.3	22	23	23
Forest Academy	16.9	16.9	16.9	11	11	11
Wolsey Junior Primary Academy	20.4	20.4	20.4	28	29	30
Castle Hill Academy	16.5	16.5	16.5	23	24	25
Atwood Prmiary Academy	17.3	17.3	17.3	16	17	17
Oasis Academy Ryelands	16.3	16.3	16.3	34	35	36
Winterbourne Junior Boys	19.1	19.1	19.1	25	26	27
Beulah Nursery and Infant School	19.6	19.6	19.6	52	54	55
Broadmead Primary School	18.8	18.8	18.8	73	76	79
Chipstead Valley Primary School	19.8	19.8	19.8	37	38	40
Fairchildes Primary Academy	15.7	15.7	15.7	71	73	76
Harris Invictus Academy Croydon	16.5	16.5	16.5	-	-	-
Harris Primary Academy Haling Park	16.5	16.5	16.5	-	-	-
New Valley Primary School	20.7	20.7	20.7	14	15	15
Rowdown Primary School	24.6	24.6	24.6	25	25	26
St Mark's COFE Primary School	21.2	21.2	21.2	16	17	17
Paxton Academy	16.1	16.1	16.1	-	-	-

Employees in the scheme are required by the Local Government Pension Scheme Regulations 1997 as amended in April 2007 to make contributions to the Fund by deductions from earnings. The contribution rate payable is determined by the pay band applicable to each individual employee. The pay bands are detailed below:

Band	2014/15 Range £	Contribution Rate %	2013/14 Range £	Contribution Rate %
1	0 -13,500	5.5%	0 -13,700	5.5%
2	13,501-21,000	5.8%	13,701-16,100	5.8%
3	21,101-34,000	6.5%	16,101-20,800	5.9%
4	34,001-43,000	6.8%	20,801-34,700	6.5%
5	43,001-60,000	8.5%	34,701-46,500	6.8%
6	60,000-85,000	9.9%	46,501-87,100	7.2%
7	85,001-100,000	10.5%	87,100+	7.5%
8	100,001-150,000	11.4%		
9	150,000+	12.5%		

NOTES TO THE PENSION FUND ACCOUNTS

Membership of the Fund consists of current and ex-employees not of pensionable age, retired employees and dependants.

	2014/15	2013/14	% change
Contributing members	8,180	7,605	7.6%
Deferred pensioners	7,967	7,600	4.6%
Pensioners	6,812	6,578	3.5%
Total	22,959	21,783	5.3%

8. CONTRIBUTIONS

By Authority	2014/15 £000	2013/14 £000
Administering Authority	35,293	40,499
Scheduled bodies	9,173	6,652
Admitted bodies	5,127	2,438
	49,593	49,589

By Type	2014/15 £000	2013/14 £000
Employees normal contributions	10,588	9,809
Employers:		
Normal contributions	22,700	22,243
Deficit recovery contributions	15,672	16,825
Augmentation contributions	633	712
	49,593	49,589

9. BENEFITS

	2014/15 £000	2013/14 £000
Pensions	37,511	35,714
Commutation and lump sum retirement benefits	8,086	7,490
Lump sum death benefits	603	1045
	46,200	44,249

10. MANAGEMENT EXPENSES

	2014/15 £000	2013/14 £000
Administration	1,080	1,454
Oversight and Governance	577	615
Investment management	2,821	2167
	4,478	4,236

Included in oversight and governance expenses is £21k (2014: £23k) in respect of audit fees. Included in the investment mangement expenses are £698k (2014: £487k comparative has been restated and adjustment made to change in market value) in respect of transaction costs.

11. INVESTMENT INCOME

	2014/15 £000	2013/14 £000
Equity dividends	6,631	5,413
Property funds	2,335	1,159
Interest on cash deposits	86	513
Other income	98	11
Total before taxes	9,150	7,096
Taxes on income	(292)	(768)
Total	8,858	6,328

12. INVESTMENTS

The Fund used the following investment managers during the year.

Asset Category	Fund Managers
Equities	DB Advisors, Fidelity and Franklin Templeton (segregated funds)*; Legal and General (segregated and pooled funds)
Private equity	Knightsbridge and Pantheon
Infrastructure	Equitix
Fixed Interest	Standard Life and Wellington
Hedge Fund of Funds	Bluecrest
Property	Henderson Global Investors ** and Schroder Investment Management
Cash	Cash is invested by the in-house team

* The fund fully redeemed its investment with DB Advisors, Fidelity and Franklin Templeton on 23 March 2015 and transitioned the proceeds to Legal and General.
**The fund completed the transfer of funds from Henderson Global Investors to Schroder Investment Management.

All managers have discretion to buy and sell investments within the constraints set by the Pension Committee and their respective Investment Management Agreements. Each manager has been appointed with clear strategic benchmarks which place maximum accountability for performance against that benchmark on the investment manager.

The Pension Committee has authorised the Assistant Chief Executive and Section 151 Officer to exercise delegated powers to vary the Pension Fund's target asset allocation between asset classes as is deemed necessary. The dynamics which drove this process from late 2007 were the volatility in equity markets and the availability of investment opportunities tied into temporary market inefficiencies. The objective was to achieve a more consistent level of return aligned with the (then) 25 year recovery plan for the Fund but with a much lower aggregate level of risk.

The market value and proportion of investments managed by each fund manager at 31 March 2015 was as follows

	2015		2014	
	Market £'000	**Market %**	**Market £'000**	**Market %**
DB Advisors	-	-	86,628	12.2%
Fidelity	-	-	125,047	17.7%
Franklin Templeton	-	-	90,342	12.8%
Legal and General	480,775	57.0%	90,587	12.8%
Pantheon Ventures	32,188	3.8%	22,948	3.2%
Knightsbridge	13,060	1.5%	7,856	1.1%
Equitix	29,485	3.5%	26,314	3.7%
Standard Life	120,798	14.3%	113,513	16.0%
Wellington	57,919	6.9%	50,524	7.1%
Bluecrest	32,398	3.8%	29,567	4.2%
Henderson Global Investors	-	-	11,041	1.6%
Schroder	77,346	9.2%	53,987	7.6%
Total investments	**843,969**	**100.0%**	**708,355**	**100.0%**

13. RECONCILIATION IN MOVEMENT IN INVESTMENTS

	Market value 01 April 2014	Purchases and derivative payments	Sales and derivative receipts	Change in market value	Market value 31 March 2015
	£'000	£'000	£'000	£'000	£'000
Global equities - segregated funds	284,739	840,209	(745,039)	50,392	430,301
Global equities - pooled funds	107,866	218,764	(298,304)	22,112	50,438
Private equity	30,804	10,628	(4,746)	8,562	45,248
Infrastructure	26,314	3,466	(5,126)	4,831	29,485
Fixed Interest	164,037	45	-	14,635	178,717
Hedge funds	29,567	-	-	2,831	32,398
Property	65,028	19,025	(13,140)	6,433	77,346
Derivatives	-	73	(1,013)	976	36
	708,355	**1,092,210**	**(1,067,368)**	**110,772**	**843,969**
Cash deposits	6,477			(400)	10,118
Amounts receivable for sales	2,162				-
Investment income due	688				1,205
Amounts payable for purchases	(1,736)				(39)
Net investment assets	**715,946**			**110,372**	**855,253**

	Market value 01 April 2013	Purchases and derivative payments	Sales and derivative receipts	Change in market value	Market value 31 March 2014
	£'000	£'000	£'000	£'000	£'000
Global equities - segregated funds	264,296	202,615	(200,160)	17,988	284,739
Global equities - pooled funds	102,649	93,230	(91,725)	3,712	107,866
Private equity	22,492	8,147	(749)	914	30,804
Infrastructure	22,403	3,500	(3,137)	3,548	26,314
Fixed Interest	205,413	883	(42,100)	(159)	164,037
Hedge funds	13,334	15,000	-	1,233	29,567
Property	37,480	32,206	(6,209)	1,551	65,028
	668,067	**355,581**	**(344,080)**	**28,787**	**708,355**
Cash deposits	7,830			221	6,477
Amounts receivable for sales	2,570				2,162
Investment income due	713				688
Amounts payable for purchases	(3,282)				(1,736)
Net investment assets	**675,898**			**29,008**	**715,946**

14. ANALYSIS OF INVESTMENTS

		2015 UK £'000	2015 Foreign £'000	2015 Total £'000	2014 UK £'000	2014 Foreign £'000	2014 Total £'000
Global equities-segregated funds (Quoted)							
DB Advisors		-	-	-	6,366	78,919	85,285
Fidelity		-	-	-	23,027	87,558	110,585
Franklin Templeton		-	-	-	9,145	79,724	88,869
Legal and General		48,763	381,538	430,301	-	-	-
Total equities		48,763	381,538	430,301	38,538	246,201	284,739
Global equities - pooled funds							
DB Advisors	managed fund	-	-	-	-	1,343	1,343
Fidelity	managed fund	-	-	-	-	14,463	14,463
Franklin Templeton	managed fund	-	-	-	-	1,473	1,473
Legal and General	unit trust	41,942	8,496	50,438	-	90,587	90,587
Total pooled investments		41,942	8,496	50,438	-	107,866	107,866
Private Equity							
Pantheon Ventures	managed fund	-	32,188	32,188	-	22,948	22,948
Knightsbridge	managed fund	-	13,060	13,060	-	7,856	7,856
Total private equity		-	45,248	45,248	-	30,804	30,804
Infrastructure							
Equitix	managed fund	29,485	-	29,485	26,314	-	26,314
Total Infrastructure		29,485	-	29,485	26,314	-	26,314
Fixed Interest							
Standard Life	unit trust	120,798	-	120,798	113,513	-	113,513
Wellington	managed fund	-	57,919	57,919	-	50,524	50,524
Total Fixed Interest		120,798	57,919	178,717	113,513	50,524	164,037
Hedge Fund of Funds							
Bluecrest	managed fund	32,398	-	32,398	29,567	-	29,567
Total Hedge Fund of Funds		32,398	-	32,398	29,567	-	29,567
Property							
Henderson	managed fund	-	-	-	-	11,041	11,041
Schroder	managed fund	77,346	-	77,346	53,987	-	53,987
Total Property		77,346	-	77,346	53,987	11,041	65,028
Derivatives (Quoted)							
Legal and General		-	36	36	-	-	-
Total investments		**350,732**	**493,237**	**843,969**	**261,919**	**446,436**	**708,355**

15. INVESTMENTS EXCEEDING 5% OF THE MARKET VALUE OF THE FUND

	2015 Market £'000	2015 Market %	2014 Market £'000	2014 Market %
Standard Life SLI Absolute Return Global Bond Strategies	64,878	7.7%	64,182	9.1%
Standard Life Corporate Bond	55,920	6.6%	49,528	7.0%
Wellington Sterling Core Bond Plus Portfolio	57,919	6.9%	90,342	12.7%
Legal and General North America Equity Index	-	-	48,782	6.9%
Total value of investments	**843,969**	**21.2%**	**708,356**	**35.7%**

16. ANALYSIS OF DERIVATIVES

During the transition of fund managers from Fidelity, DB Advisors and Franklin Templeton to Legal and General derivaitives were used to maintain equity exposure and reduce risk.

Type	Expires	2015 Economic Exposure £'000	2015 Market £'000	2014 Economic Exposure £'000	2014 Market £'000
Assets					
Overseas Equity	less than 1 year	2,581	36	-	-
Total value of investments		2,581	36	-	-

17. CURRENT ASSETS

	2014/15 £'000	2013/14 £'000
Cash balances	10,174	30,832
Other Local Authorities - Croydon Council	761	473
Other Entities and Individuals:		
Sundry Debtors	1,598	1,244
	12,533	32,549

18. CURRENT LIABILITIES

	2014/15 £'000	2013/14 £'000
Other Local Authorities - Croydon Council	(5,873)	(5,215)
Other entities and individuals (prepaid Contributions):		
Sundry expenses	(1,314)	(1,393)
	(7,187)	(6,608)

The amount due to Croydon Council relates to transactions between the Fund and the Council all of which were settled through the Pension Fund bank account after the year end.

19. INFORMATION IN RESPECT OF MATERIAL TRANSACTIONS WITH RELATED PARTIES

Related Parties

Related parties include:

a. Councillors and their close families
b. Certain Officers and Managers
c. entities controlled by, and associates and joint ventures of, the scheme itself
d. companies and businesses controlled by the Councillors or their close families

Three members of the Pensions Committee had positions with employers in the fund. The details of their interests are outlined below.

Councillor	Fund Employer	Contributions payable by Fund Employer £	Amount Outstanding at 31 March 2015 £	Date of Payment
Cllr Y Hopley	Advisory Board Member Atwood Primary	77,670	5,313	17 April 2015
Cllr D Mead	Director Fairfield (Croydon) Ltd	55,224	15,875	01 April 2015
Cllr C Bonner	Wolsey Junior School	100,820	-	

Officers and Managers

Related parties under this heading include:

a. key management (senior officers) of the Fund and their close families
b. companies and businesses controlled by the key management of the Fund, or their close families.

The key mangement personnel of the fund are the Assistant Chief Executive (Resources and Section 151 Officer), and the Head of Pensions and Treasury. During the year a charge of £103.5k was made to the Fund for their services.

The only other financial relationship that either councillors or officers and managers have with the Fund is as prospective or actual pensioners for those who are scheme members. For further details please refer to Note 33 of the London Borough of Croydon's Statement of Accounts 2014/15.

20. DETAILS OF STOCK RELEASED TO THIRD PARTIES UNDER A STOCK LENDING ARRANGEMENT

There was no stock released to third parties under a stock lending arrangement.

21. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

There were no contingent liabilities at 31 March 2015. The Fund had outstanding capital commitments of £63.5m at 31 March 2015 (2014:£57.1m) based on:

USD 60.2m at exchange rate 1.485 equals £40.5m
EUR 10.8m at exchange rate 1.382 equals £7.8m
GBP £15.2m

These commitments related to outstanding call payments due on Private Equity, Infrastructure and Property investments. The amounts 'called' by these funds are both irregular in size and timing over a period of usually 3 to 6 years from the date of the original commitment.

22. DETAILS OF ADDITIONAL CONTRIBUTIONS NOT INCLUDED IN PENSION FUND ACCOUNTS

In accordance with regulation 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (SI 2009 No 3093), there were no additional contributions included in the Pension Fund Accounts since all Additional Voluntary Contributions (AVCs), in total £260k for 2014/15 (£255k in 2013/14), are sent directly to the relevant AVC provider.
The value at 31 March 2015 of separately invested additional voluntary contributions was £1.82m (£1.75m in 2013/14).

23. PENSION FUND ACCOUNTS REPORTING REQUIREMENTS

Actuary's Statement

International Financial Reporting Standards require a disclosure of the Fund's past service liabilities in a manner consistent with International Accounting Standard 19 (IAS19), and the requirements of International Accounting Standard 26 (IAS26). It should be noted that some of the assumptions used when calculating liabilities under IAS19 are different compared to those when producing an on-going funding valuation under the Local Government Pension Scheme (Administration) Regulations 2008.

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2014/15 requires administering Authorities of LGPS funds that prepare Pension Fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits.

The actuarial present value of promised retirement benefits is to be calculated similarly to the defined benefit obligation under IAS19. There are three options for its disclosure in Pension Fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Pension Fund's funding assumptions.

I have been instructed by the Administering Authority to provide the necessary information for the London Borough of Croydon Pension Fund, which is in the remainder of this note.

Balance Sheet

Year ended	31 Mar 2015 £m	31 Mar 2014 £m
Present Value of Promised Retirement Benefits	1,559	1,321

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2013. I estimate this liability at 31 March 2015 comprises £631m in respect of employee members, £366m in respect of deferred pensioners and £562m in respect of pensioners. The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable. However, I am satisfied the aggregate liability is a reasonable estimate of the actuarial present value of benefit promises. I have not made any allowance for unfunded benefits.

The above figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value.

23. PENSION FUND ACCOUNTS REPORTING REQUIREMENTS (continued)

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the accounts of the Pension Fund. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions
The assumptions used are those adopted for the Administering Authority's IAS19 report as required by the Code of Practice. These are given below. I estimate that the impact of the change of assumptions to 31 March 2015 is to increase the actuarial present value by £194m.

Financial Assumptions
My recommended financial assumptions are summarised below:

Year ended	31 Mar 2015 %p.a.	31 Mar 2014 %p.a.
Inflation/Pensions Increase Rate	2.4%	2.8%
Salary Increase Rate	3.3%	3.6%
Discount Rate	3.2%	4.3%

Longevity Assumption
As discussed in the accompanying report, the life expectancy assumption is based on the Fund's VitaCurves with improvements in line with the CMI_2010 model, assuming the current rate of improvements has reached a peak and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.3 years	24.4 years
Future Pensioners *	24.4 years	26.7 years

* Future pensioners are assumed to be currently aged 45.

Please note that the assumptions identical to the previous IAS26 disclosure for the Fund.

Commutation Assumption
An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Professional Notes
This paper accompanies my covering report titled 'Actuarial Valuation as at 31 March 2015 for IAS19 purposes' dated 11 May 2015. The covering report identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by:-

Richard Warden FFA

15 May 2015

For and on behalf of Hymans Robertson LLP

24. EVENTS AFTER THE REPORTING PERIOD

An admitted body, Cabrini was placed in to liquidation on 21 May 2015

All late payers of contributions have been reported to the Pensions Regulator.

25. FINANCIAL INSTRUMENTS

Below is the investment strategy agreed by Pension Committee in 2014/15.

Asset Class	Benchmark	Weighting
UK and Overseas Listed Equities	FTSE 4 Good	50% + / - 3%
Fixed Interest Securities	18% Merrill Lynch Sterling non gilts all stocks index 12% Merrill Lynch Sterling Broad Market index	25% + / - 3%
Property	IPD All Properties index	10% + / - 3%
Funds of Hedge Funds	3 month LIBOR plus 5% / plus 10%	4%
Private Equity	MSCI AC World Index / Absolute Return of 12%	5%
Infrastructure	Absolute Return of 12%	5%
Cash and Short Term Deposits		1%
Total		**100%**

25. FINANCIAL INSTRUMENTS (Continued)

Classification of Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities (excluding cash) by category and Net Assets Statement heading.

	Designated as fair value through profit and loss £'000	Loans and Debtors £'000	Financial assets and liabilities at amortised cost £'000
Financial Assets			
Fixed interest securities	178,717	-	-
Global equities	480,739	-	-
Pooled property investments	77,346	-	-
Hedge Funds	32,398	-	-
Private equity	45,248	-	-
Infrastructure	29,485	-	-
Derivatives	36	-	-
Other investment balances	-	11,323	-
Current Assets	-	12,533	-
Total Financial Assets	**843,969**	**23,856**	**-**
Financial Liabilities			
Other investment balances	-	-	(39)
Current liabilities	-	-	(7,187)
Total Financial Liabilities	**-**	**-**	**(7,226)**
Net Assets	**843,969**	**23,856**	**(7,226)**

Net Gains and Losses on Financial Instruments	31 March 2015 £'000
Financial assets	
Fair value through profit and loss	110,372
Loans and debtors	-
Financial assets measured at amortised cost	-
Financial liabilities	
Fair value through profit and loss	-
Loans and debtors	-
Financial liabilities measured at amortised cost	-
Total	**110,372**

Fair Value of Financial Instruments and Liabilities

The following table summarises the carrying values of the financial assets and financial liabilities by class of instrument compared with their fair values:

	Carrying Amount £'000	Fair Value £'000
Financial Assets		
Fair value through profit and loss	843,969	843,969
Loans and Debtors	23,856	23,856
Total Financial Assets	**867,825**	**867,825**
Financial Liabilities		
Fair value through profit and loss	-	-
Financial liabilities at amortised cost	(7,226)	(7,226)
Total Financial Liabilities	**(7,226)**	**(7,226)**

25. FINANCIAL INSTRUMENTS (Continued)

Valuation of financial instruments carried at fair value
The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level One
Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets and liabilities. Products classified as Level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level Two
Financial instruments at Level 2 are those whose quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques use inputs that are based significantly on observable market data.

Level Three
Financial instruments at Level 3 are those where at least one input, that could have a significant effect on the instrument's valuation, is not based on observable market data.

These instruments include various unquoted equity investments which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which the London Borough of Croydon Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

The following table provides an analysis of the financial assets and liabilities of the Pension Fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

Values at 31 March 2015	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial Assets				
Financial assets at fair value through profit and loss	659,492	109,744	74,733	843,969
Financial Liabilities				
Financial Liabilities at fair value through profit and loss	-	-	-	-
Net financial assets	659,492	109,744	74,733	843,969

26. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Council manages these investment risks as part of its overall Pension Fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pension Committee. Risk management policies are established to identify and analyse the risks faced by the Council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

Market Risk
This is the risk that financial loss could arise as a result of fluctuations in interest rates, foreign exchange rates, credit spreads and equity and commodity prices. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuers or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by fair value of the financial instruments. Possible losses from shares sold short is unlimited.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Council to ensure it is within limits specified in the fund investment strategy.

Other price risk - sensitivity analysis

Potential price changes are determined based on the observed historical volatility of asset class returns. "Riskier" assets such as equities will display greater potential volatility than bonds, so the overall outcome will depend largely on the Funds' asset allocation. An example is provided below.

Asset type	Potential market movements (+/-)
Global Equities	9.13%
Total bonds plus index linked	4.26%
Alternatives	3.30%
Property	8.37%

The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the latest three years. This can then be applied to the period end asset mix as follows:

Asset type	Value £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
Global Equities	480,775	9.13%	524,670	436,880
Total bonds plus index linked	178,717	4.26%	186,330	171,104
Alternatives	107,131	3.30%	110,666	103,596
Property	77,346	8.37%	83,820	70,872
Total Assets	843,969	4.92%	885,492	802,446

The % change for Total Assets includes the impact of correlation across asset classes

26. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

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

The Fund's exposure to interest rate risk is monitored and assessed against the strategic asset allocation benchmark.

The Fund's direct exposure to interest rate movements as at 31 March 2015 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

Asset type	As at 31 March 2015 £'000
Cash Balances	20,326
Fixed interest securities	178,717
Total	199,043

Interest rate risk sensitivity analysis
The Council recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. A 100 basis points (BPS) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS change in interest rates.

Asset type	Carrying amount as at 31 March 2015	Change in year in the net assets available to pay benefits	
		+100 BPS	-100 BPS
	£'000	£'000	£'000
Cash Balances	20,326	203	(203)
Fixed interest securities	178,717	1,787	(1,787)
Total	199,043	1,990	(1,990)

Currency risk
Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than pounds sterling (£UK). The Fund holds both monetary and non-monetary assets denominated in currencies other than £UK.

The Fund's currency rate risk is routinely monitored by the Council and its investment advisors in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

The following table summarises the Fund's currency exposure.

Currency exposure - asset type	Asset Value as at 31 March 2015 £'000
Overseas quoted securities	381,538
Overseas quoted securities - pooled	8,496
Overseas un-quoted securities	45,248
Overseas bonds	57,919
Overseas derviatives	36
Total overseas assets	493,237

Currency risk - sensitivity analysis
Following analysis of historical data in consultation with the Fund's performance management provider (WM Company), the Council considers the likely volatility associated with foreign exchange rate movements to be 5.34% (as measured by one standard deviation).

A 5.34% fluctuation in the currency is considered reasonable based on the WM Company's analysis of long-term historical movements in the month-end exchange rates over a rolling 36-month period.

This analysis assumes that all other variables, in particular interest rates, remain constant.

26. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (continued)

A 5.34% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Currency exposure - asset type	Asset Value as at 31 March 2015	Change in net assets available to pay benefits	
		+5.34%	-5.34%
	£000	£000	£000
Overseas quoted securities	381,538	401,912	361,164
Overseas quoted securities - pooled	8,496	8,950	8,042
Overseas un-quoted securities	45,248	47,664	42,832
Overseas bonds	57,919	61,012	54,826
Overseas derivatives	36	38	34
Total overseas assets	493,237	519,576	466,898

Credit risk
Credit risk is the risk that parties in whom the Fund invests may fail to pay amounts that are due to the Pension Fund. For example an entity in which the Pension Fund invests may fail. This risk is minimised by investing in specialist fund managers across different asset classes and geographical regions. Additionally there is a risk that an admitted body will be unable to meet it's contributions obligations. Contribution receipts are monitored monthly and, if necessary, remedial action is taken.

Credit risk also represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the Council's credit criteria. The Council investments in money market funds with a AAA rating from a leading rating agency.

The Council believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits over the past six financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2015 was £10.2m (£30.8m at 31 March 2014). This was held with the following institutions:

Summary	Rating at 31 March 2015	Balances as at 31 March 2015 £'000
Money Market Funds		
Goldman Sachs	AAA	8,451
Current Account		
Royal Bank of Scotland		1,723
Total		10,174

Liquidity risk
Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Pension Fund has adequate cash resources to meet its commitments. The Council has immediate access to its Pension Fund cash holdings including cash invested in money market funds. The Fund defines liquid assets as assets that can be converted to cash within three months. Non-liquid assets are those assets which will take longer than three months to convert into cash. All financial liabilities at 31 March 2015 are due within one year.

Refinancing risk
The key risk is that the Council will be bound to replenish a significant proportion of its Pension Fund financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its investment strategy.

GLOSSARY OF TERMS

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. Accounting polices define the process whereby transactions and other events are reflected in financial statements.

ACCRUALS
An accounting principle where income and expenditure are taken into account in the year in which they are earned or incurred, rather than when monies are received and/or invoices are actually paid.

ACTUARIAL VALUATION
The Actuary reviews the assets and liabilities of the Pension Fund every three years and reports to the Council on the Fund's financial position and recommended employers' contribution rates.

ACTUARY
An independent professional who advises on the financial position of a Pension Fund.

ALLOWANCE FOR DOUBTFUL DEBT
An amount set aside to cover money owed to the Council where it is considered doubtful that payment will be received.

AMORTISATION
The equivalent of depreciation for intangible assets.

BALANCES
The amount of money on the various funds of the Council left over at the end of the financial year after allowing for all expenditure and income that has taken place. These are also known as financial reserves.

BUDGET
A forecast of the Council's planned expenditure and income, either over a set period or for a specific project.

CAPITAL EXPENDITURE
Expenditure on the purchase, construction and enhancement of Council assets such as houses, offices, schools and roads. Expenditure can only be treated as 'capital' if it meets the statutory definitions and is in accordance with accounting practice and regulations.

CAPITAL RECEIPTS
Monies received from the sale of the Council's assets such as land and buildings. These receipts are used to pay for additional capital expenditure.

CIPFA
The Chartered Institute of Public Finance and Accountancy is the accountancy body which represents at national level the interests of Local Government and public service finance. The Institute produces advice, codes of practice and guidance to Local Authorities on best practice.

COLLECTION FUND
A Fund operated by the billing Authority into which all receipts of Council Tax and National Non-Domestic Rates are paid. The Fund must be maintained separately from the Authority's General Fund.

COMMUNITY ASSETS
Assets that the Authority intends to hold in perpetuity that have no determinable useful life and that may have restrictions on their disposal. Examples are parks and historic buildings.

CONTINGENT ASSETS
Contingent assets are possible assets arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

CONTINGENT LIABILITIES
Possible losses that arise from past events which will only be confirmed by one or more uncertain future events not wholly within the Council's control.

COUNCIL TAX
A system of local taxation on domestic property introduced from 1st April 1993, as a replacement for the Community Charge (Poll Tax). It is set by both the billing and precepting Authorities at a level determined by the Council Tax base for the area.

COUNCIL TAX BASE
An amount calculated by the billing Authority, by applying the band proportions to the total properties in each band in order to ascertain the number of band D equivalent properties in the Authority's area. The Tax base is also used by the precepting and some levying bodies in determining their charge to the area.

CREDITORS
Amounts owed by the Authority for goods and services received where payment has not been made at the date of the Balance Sheet.

DEBTORS
Amounts owed to the Authority for goods and services provided at the date of the Balance Sheet.

DEDICATED SCHOOLS GRANT (DSG)
There was a change in the funding of specific and formula grants in 2006/07 largely due to changes in the way that expenditure on schools is funded. From then, Local Authorities received DSG within specific grant rather than funding previously included in formula grant.

DEPRECIATION
A provision made in the accounts to reflect the value of assets used during the year. Depreciation forms part of the capital charge made to service revenue accounts and is covered by International Financial Reporting Standard (IFRS) 16.

EARMARKED RESERVES
Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish a provision.

EVENTS AFTER THE REPORTING PERIOD
Events after the Reporting Period are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

FAIR VALUE
The fair value of a non-current asset is the price at which an asset could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FINANCE AND OPERATING LEASES
A finance lease is one that transfers a substantial proportion of the risks and rewards of a non-current asset to the lessee. With a finance lease the present value of the lease payments equates to substantially all of the value placed on the leased asset. For an operating lease a rental payment is payable to the lessor for the use of the asset and the ownership reverts to the owner when the lease is terminated.

FINANCIAL INSTRUMENT
A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

GENERAL FUND (GF)
The Council's main revenue account that covers the net cost of all services other than the provision of Council housing for rent.

GOVERNMENT GRANTS
Assistance by Government and inter-Government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an Authority in return for past or future compliance with certain conditions relating to the activities of the Authority.

GROSS EXPENDITURE, GROSS INCOME AND NET EXPENDITURE
Gross Expenditure and Gross Income arise from the provision of services as shown in the General Fund and exclude the Direct Services/Labour Organisation accounts. Net Expenditure is the cost of service provision after the income is taken into account.

HERITAGE ASSETS
These are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

HOUSING REVENUE ACCOUNT (HRA)
A statutory account that contains all expenditure and income on the provision of Council housing for rent. The HRA must be kept entirely separate from the General Fund and the account must balance. Local Authorities are not allowed to make up any deficit on or transfer any surplus to the HRA from the General Fund.

HOUSING SUBSIDY
The grant payable by Central Government to Local Authorities to subsidise the cost of providing Council housing and the management and maintenance of that housing. The grant is paid into the Housing Revenue Account.

IAS19
This International Accounting Standard is based on the principle that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future.

IMPAIRMENT
This is where the value of an asset falls below the carrying value in the accounts and so to reflect the commercial reality of the situation a charge is made in the running costs.

INFRASTRUCTURE ASSETS
Non-current assets that cannot be easily disposed of, expenditure on which is only recovered by continued use of the asset. Examples include highways and footpaths.

INTANGIBLE ASSETS
Non-current assets, which do not have a physical form but provide an economic benefit for a period of more than one year. Examples include software licences.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
International Financial Reporting Standards (IFRS) is a set of accounting standards, developed by the International Accounting Standards Board (IASB). Local Authorities moved to accounting on an IFRS basis in 2010/11, a year after Central Government and the National Health Service.

INVESTMENT PROPERTIES
Interest in land and/or buildings in respect of which construction work and development have been completed and which is held for its investment potential, with any rental income being negotiated at arm's length.

LEVIES
Payments to London-wide bodies such as the London Pension Fund Authority. The cost of these bodies is borne by Local Authorities in the area concerned, based on their Council Tax base and is met from the General Fund.

MINIMUM REVENUE PROVISION (MRP)
The minimum amount that the Council must charge to the revenue account in the year in respect of the repayment of principal of borrowing for capital purposes. In the accounts the MRP is included within capital financing charges.

NATIONAL NON-DOMESTIC RATE (NNDR)
The charge payable on all business premises, calculated by multiplying the rateable value of the property by a nationally set rate multiplier. The Tax is collected by Croydon and is allocated between central government and local government under a formula as determined by Central Government.

NET BOOK VALUE
The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

NET REALISABLE VALUE
The open market value of an asset less the expenses to be incurred in realising the asset.

NON-CURRENT ASSETS
These are tangible and intangible assets that yield benefit to the Council and the services it provides for a period of more than a year.

NON-OPERATIONAL ASSETS
Non-current assets held by the Council but not used or consumed in the delivery of services. Examples include investment properties and assets that are surplus to requirements.

OPERATIONAL ASSETS
Non-current assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has a statutory or discretionary responsibility.

OUTTURN
Actual income and expenditure for a financial year.

PAST SERVICE COST
For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvements to, retirement benefits.

PRECEPT
A charge raised by another Authority to meet its net expenditure. The precepting Authority for this Council is the Greater London Authority (GLA). The GLA calculates its total spending needs for the year and sets its own Council Tax in the same way as a London Borough. Croydon then collects the Tax for them.

PRIVATE FINANCE INITIATIVE (PFI)
Government initiative under which the Council buys the services of a private sector to design, build, finance and operate a public facility.

PROVISIONS
Amounts set aside for any liability or loss that is likely to be incurred, but where the exact amount and date is uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)
A Central Government agency which provides long and medium-term loans to Local Authorities at interest rates only slightly higher than those at which the Government itself can borrow. Local Authorities are able to borrow a proportion of their requirements to finance capital spending from this source.

RELATED PARTIES
Related Parties are those individuals and entities that the Council either has the ability to influence, or to be influenced by. Related parties include the Government, subsidiary and associated companies, the Pension Fund, Councillors and senior officers.

RESERVES
The amounts held by way of balances and funds that are free from specific liabilities or commitments. The Council is able to earmark some of its reserves towards specific projects, whilst leaving some free to act as a working balance.

REVENUE EXPENDITURE
The regular day to day running costs incurred in providing services. Examples include salaries, wages and running costs.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)
Expenditure that is treated by the regulations as capital expenditure but which does not meet the definition of capital expenditure in the Statement of Recommended Practice.

REVENUE SUPPORT GRANT (RSG)
The main grant payable to support Local Authorities' revenue expenditure. A Local Authority's RSG entitlement is intended to make up the difference between a Council's Retained Business Rates and it's Settlement Funding Assessment.

RIGHT TO BUY
The Council is legally required to sell Council homes to tenants, at a discount, where the tenant wishes to buy their home. The money received from the sale is a capital receipt of which only 25% can be spent on capital expenditure. The remaining 75% must be paid over to Communities and Local Government (CLG) under pooling arrangements.

SETTLEMENT FUNDING ASSESSMENT
The main channel of Government funding which includes Retained Business Rates and Revenue Support Grant. There are no restrictions on what Local Authorities can spend it on.

SORP
The Statement of Recommended Practice. Its aims are to specify the principles and practices of accounting required to prepare a Statement of Accounts which represents a 'true and fair view' of the financial position and transactions of a Local Authority.

SUPPORTED CAPITAL EXPENDITURE
This is capital expenditure funded by Government, either as a one-off capital grant or as part of the annual RSG settlement to cover the financing costs of monies borrowed.

SUPPORT SERVICES
Activities of a professional, technical and administrative nature, which are not Local Authority services in their own right, but support front line services.

TANGIBLE ASSETS
Physical assets such as land, buildings and equipment that provide an economic benefit for a period of more than one year.

TRADING OPERATION
An activity of a commercial nature that is financed substantially by charges to recipients of the service.