Statement of Accounts 2015/16

22 September 2016

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COMMUNITY LANGUAGES

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Bengali

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

Chinese

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Francais

Vous avez la possibilité de communiquer dans une autre langue que l'anglais, si cela est plus facile pour vous. Des interprètes et traducteurs sont à votre disposition: 020 8726 6000.

Gujarati

અંગ્રેજી સિવાયની બીજી કોઈ એક ભાષામાં તમે આસાનીથી વાતચીત કરતા હો તો એવું કરવા વિનંતી છે. દુભાષિયાની અને ભાષાંતરકારની સગવડ તમારે માટે કરી 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 ஒழுங்கு படுத்தப்படுவார்கள்.
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 کرنے میں آسانی محسوس کرتے ہیں تو ایسا کریں۔
ایسا ہی کیجئے۔ آپ کیلئے ترجمان اور تحریری ترجمہ کرنے والوں کا انتظام ہو 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 2016.

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 2016

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 2015/16 prepared in accordance with the accounting policies stated.

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

22 September 2016

Cllr Karen Jewitt
Chair, General Purposes & Audit Committee

22 September 2016

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 (the "Authority") for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014 (the "Act"). 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 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 2015/16.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. 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 Responsibilities, 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 2015/16, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority’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 Narrative Statement and the Annual Governance Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- present a true and fair view of the financial position of the Authority as at 31 March 2016 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited financial statements in the Narrative Statement and the Annual Governance Statement is consistent with the audited financial statements.

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

Matters on which we are required to report by exception

We are required to report to you if:

- ► in our opinion the Annual Governance Statement does not comply with the guidance included in '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 24 of the Act; or
- ► we make a written recommendation to the Authority under section 24 of the Act; or
- ► we exercise any other special powers of the auditor under the Act.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements to secure value for money through economic, efficient and effective use of its resources

Respective responsibilities of the Authority and auditor

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

We are required under Section 20(1)(c) of the Act to be satisfied that the Authority has made 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 the Authority's arrangements to secure value for money through economic, efficient and effective use of its resources

We have undertaken our review in accordance with the Code of Audit Practice prepared by the Comptroller and Auditor General as required by the Act (the "Code"), having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code in satisfying ourselves whether the Authority put in place proper arrangements to secure value for money through the economic, efficient and effective use of its resources for the year ended 31 March 2016.

We planned our work in accordance with the Code. 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 has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2015, we are satisfied that in all significant respects the Authority has put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year ended 31 March 2016.

Delay in certification of completion of the audit

We are required to give an opinion on the consistency of the pension fund financial statements of the Authority included in the Pension Fund Annual Report with the pension fund financial statements included in the Statement of Accounts. The Local Government Pension Scheme Regulations 2013 require authorities to publish the Pension Fund Annual Report by 1 December 2016. As the Authority has not prepared the Pension Fund Annual Report at the time of this report we have yet to issue our report on the consistency of the pension fund financial statements. Until we have done so, we are unable to certify that we have completed the audit of the financial statements in accordance with the requirements of the Act and the Code.

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

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Act and the Code until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2016. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing value for money through economic, efficient and effective use of its resources.

Paul Grady

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

Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

29 September 2016

NARRATIVE STATEMENT 2015/16

INTRODUCTION

I am pleased to introduce the Council's Statement of Accounts for 2015/16. This statement summarises the Council's financial performance during 2015/16 showing expenditure on all services during the year and the Council's financial position at 31 March 2016.

PERFORMANCE 2015/16

The Council has met the challenge of reducing grant since 2010 and has faced the fifth 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 2015/16 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 2015/16 was an under-spend of £1.161m, which has allowed additional funds to be added to the Council's earmarked reserves.

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 2016 has been prepared and published in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (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.

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 maintained strong financial controls, which have been has demonstrated by the achievement of a favourable outturn position despite several significant in-year pressures being identified. A balanced budget has been set for 2016/17. Despite the tough financial 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 RESERVES AND BALANCES 2015/16

Table 1 shows the Council's balances, reserves and provisions at 31 March 2016, compared with the previous two years. Earmarked Reserves are held to fund specific projects, and increased from £29.5m to £40.1m during 2015/16. Further details about reserves can be found in Note 8, and Provisions in Note 21.

Table 1 - Movement in Reserves and Balances

Reserves and Balances	2013/14 £m	2014/15 £m	2015/16 £m
General Fund Balances	11.6	10.7	10.7
Earmarked Reserves excluding schools	57.2	29.5	40.1
General Fund Provisions	33.4	33.5	28.3
Total	**102.2**	**73.7**	**79.1**

HOUSING REVENUE ACCOUNT (HRA)

The final outturn shows a surplus of £2.99m, which has been transferred to the earmarked reserve for new housing supply. The overall level of new housing supply has reduced by £3.450m, as a result of using £6.45m to finance capital expenditure during 2015/16. The variances to budget that are on-going will be included in the budget planning for 2016/17. Capital expenditure totalled £33.618m. The most significant underspend was on Phase 4 of the Council New Build Programme.

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 2016 compared with previous years:

Table 2 - Housing Revenue Account Balances and Reserves

Balances and reserves	2013/14 £m	2014/15 £m	2015/16 £m
New Build Housing	7.041	11.272	9.420
Major Repairs Reserve	0.947	1.425	1.785
Contingency Reserve	3.769	3.995	2.397
Total	**11.757**	**16.692**	**13.602**

CAPITAL

The original approved capital programme (excluding the Housing Revenue Account) totalled £115.501m, which was increased during the year to £124.702m to reflect both programme slippage and additional government grants. Outturn capital spend was £91.481m, with the resultant underspend of £33.221m (27%) mainly attributable to slippage in the delivery of schemes.
The impact of slippage from 2015/16 into the 2016/17 capital programme will be considered as part of the first Financial Performance report for 2016/17 to Cabinet. Capital schemes in 2016/17 included the delivery of:

- Refurbishment Programmen for Fairfield Halls
- 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 increase in value during 2015/16 by 1.9%. Table 3 below shows the change in the value of the Council's Pension Fund in 2015/16:

Table 3 – Pension Fund Performance 2015/16

Detail of Composition of Net Assets	2014/15 £m	2015/16 £m	Net Increase / (Decrease) £m	Change %
Total Investments	843.969	872.477	28.508	3.4%
Other balances held by Fund Managers	1.166	1.501	0.335	28.7%
Debtors	2.359	4.464	2.105	89.2%
Cash Held by:				
Fund Managers	10.118	4.310	(5.808)	(57.4%)
London Borough of Croydon	10.174	2.522	(7.652)	(75.2%)
Creditors	(7.187)	(8.248)	(1.061)	14.8%
Net Assets at Year End	**860.599**	**877.026**	**16.427**	**1.9%**

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

The net value of the Fund has increased by 1.9% 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 has been reviewed. The process of restructuring the asset allocation is ongoing.

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 deficit of £13.743m as at 31st March 2016. This was primarily due to an increased volume of business rates appeals evident at the year-end, which required a subsequent increase in provision to be made. The deficit for Business Rates is partially offset by continued bouyant performance in relation to Council Tax.

An overall deficit of £6.692m was declared in January 2016 and the un-declared deficit of £7.051m will be carried into 2016/17 and will be distributed to preceptors as part of the 2017/18 budget cycle.

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 (2015/16 debt collected in 2015/16). The target set for 2015/16 was 96.50% and the actual performance was confirmed as 96.45%, a shortfall of 0.05%.

The net collectable debt for council tax in 2015/16 was £178.2 million, an increase of £4.3 million on the previous year. Table 4 shows the impact of actual performance against the target in cash terms.

Table 4 – Council Tax Collection performance against target

	Target – 2015/16	Actual – 2015/16	Variance
Percentage	96.50%	96.45%	(0.05%)
Cash - £m	171.827	171.738	(0.89)

Note: These figures relate to amounts collectable for 2015/16 only; the amounts shown in the Collection Fund include variations to the debit for all past years up to and including 2015/16

NATIONAL NON-DOMESTIC RATE (NNDR) COLLECTION

The target set for 2015/16 was 98.75% and the actual performance was confirmed at 97.74%, a shortfall of 1.01%.
The collectable debt for business rates in 2015/16 was £117.4m.
The table below shows the impact of actual performance against the target in cash terms.

Table 5 – NNDR Collection performance against target

	Target – 2015/16	Actual – 2015/16	Variance
Percentage	98.75%	97.74%	(1.01%)
Cash - £m	115.971	114.785	(1.186)

NNDR collection performance is lower than target due to a number of rate payers holding back payment pending the outcome of their appeals.

Conclusion

The report presented to the Council's General Purposes and Audit Committee on 29th June 2016 provides further details on the Council's financial performance and delivery against our Financial Strategy. The report can be found online here:
https://secure.croydon.gov.uk/akscroydon/users/public/admin/kabmenu.pl?cmte=GPA

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 2015/2016 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

2015/16	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 2015	**10,677**	**15,267**	**39,284**	**18,100**	**3,620**	**1,425**	**88,373**	273,758	362,131
Movement in reserves during 2015/16:									
Surplus or (deficit) on provision of services	(105,925)	13,958					(91,967)		(91,967)
Other Comprehensive Expenditure and Income								208,498	208,498
Total Comprehensive Expenditure and Income	(105,925)	13,958	0	0	0	0	(91,967)	208,498	116,531
Adjustments between accounting basis and funding basis under regulations	114,162	(17,408)	0	13,677	4,757	361	115,549	(115,548)	1
Net increase/Decrease before Transfers to Earmarked Reserves	8,237	(3,450)	0	13,677	4,757	361	23,582	92,950	116,532
Transfers to/(from) Earmarked Reserves	(8,237)	0	8,237	0	0	0	0	0	0
Net increase/(decrease) in reserves for the year	0	(3,450)	8,237	13,677	4,757	361	23,582	92,950	116,532
Balance c/f at 31 March 2016	10,677	11,817	47,521	31,777	8,377	1,786	111,955	366,708	478,663

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

Further details about the movements in earmarked reserves can be found in Note 8, on pages 38 - 39, and details around movements in all reserves can be found in Note 22 and 23 on pages 51 - 55.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	Note/Page No.	2015/16 Gross £000	2015/16 Income £000	2015/16 Net £000	2014/15 Net £000
Gross expenditure, income and net expenditure of continuing operations					
Central Services to the Public		13,842	(6,395)	7,447	11,211
Cultural and Related Services		19,222	(5,189)	14,033	13,275
Environment and Regulatory Services		44,427	(11,990)	32,437	35,761
Planning Services		13,641	(15,575)	(1,934)	8,486
Public Health		21,951	(21,214)	737	(933)
Children's and Education Services		299,947	(264,183)	35,764	37,576
Highways and Transport Services		60,732	(30,955)	29,777	28,554
Local Authority Housing (HRA)	HRA	72,691	(93,227)	(20,536)	(28,384)
Other Housing Services		308,190	(297,425)	10,765	17,266
Adult Social Care		235,736	(82,087)	153,649	158,621
Corporate and Democratic Core		59,243	(30,195)	29,048	9,285
Non-Distributed Costs		(3,508)	(1,335)	(4,843)	(7,326)
Exceptional Items				0	0
Net cost of services		1,146,114	(859,770)	286,344	283,392
Other operating expenditure	9			56,054	121,657
Financing and Investment Income and Expenditure	10			47,045	76,871
Taxation and Non-Specific Grant Income	11			(297,475)	(325,070)
(Surplus) or Deficit on Provision of Services				91,968	156,850
(Surplus) or deficit on revaluation of non-current assets				(129,401)	(193,981)
Remeasurement of the net defined benefit liability				(79,097)	30,484
Other Comprehensive Income and Expenditure				(208,498)	(163,497)
Total Comprehensive Income and Expenditure				(116,530)	(6,647)

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 2016 £000	31 March 2016 £000	31 March 2015 £000
Operational Assets (Property, Plant and Equipment)	12			
Council dwellings		827,968		738,637
Other land and buildings		751,095		770,486
Vehicles, plant, furniture and equipment		534		1,210
Infrastructure		134,283		117,387
Community assets		5,565		5,981
Total Operational Assets (Property, Plant and Equipment)			1,719,445	1,633,701
Non-Operational Assets (Property, Plant and Equipment)				
Assets under construction		5,037		9,161
Surplus assets not held for sale		21,927		15,331
Total Non-Operational Assets (Property, Plant and Equipment)			26,964	24,492
Heritage Assets	13		3,153	3,153
Investment property				
Investment property	14		11,325	21,911
Intangible Assets	15			
Software			8,555	12,406
Assets under construction				0
Long-term Investments				
Non-property investments	16		30,001	52,806
Investments in Associates and Joint Ventures				
Long-term Debtors	16		7,949	4,309
Long-term Assets			1,807,392	1,752,778
Short-term Investments				
Non-property investments excluding cash equivalents	16		120,000	70,000
Assets held for sale (< 1 year)	19		11,519	7,100
Inventories			155	186
Short-term debtors, payments in advance and provision for doubtful debts	17		126,870	117,909
Cash and cash equivalents	18		1,125	6,065
Current Assets			259,669	201,260
Bank overdraft	18		(28,847)	(19,521)
Short-term borrowing	16		(73,276)	(65,549)
Short-term creditors and receipts in advance	20		(118,183)	(122,691)
Short-term provision	21		(717)	(664)
Current Liabilities			(221,023)	(208,425)
Long-term Creditors				
Provisions	21		(14,166)	(9,300)
Long-term borrowing	16		(808,633)	(766,670)
Deferred capital creditors			(11,127)	(10,701)
Other non-current liabilities				
Net pensions liability	43		(493,412)	(556,625)
Capital grants receipts in advance	32		(40,038)	(40,190)
Long-term Liabilities			(1,367,376)	(1,383,486)
Net Assets			478,662	362,127
Usable reserves				
General Fund	22.1	10,677		10,677
Housing Revenue Account	22.2	11,817		15,267
Earmarked reserves	8	47,520		39,284
Capital receipts reserve	22.4	31,777		18,101
Capital grants unapplied	22.5	8,377		3,620
Major repairs reserve	HRA 3	1,785		1,424
			111,953	88,373
Revaluation reserve	23.1	530,668		416,640
Capital adjustment account	23.2	330,958		410,306
Financial Instruments adjustment account	23.3	(1,716)		(1,901)
Pensions reserve	23.4	(493,412)		(556,625)
Deferred capital receipts	23.5	17		34
Collection Fund adjustment account	23.6	2,431		8,168
Short-term accumulating compensated absences account	23.7	(2,237)		(2,868)
			366,709	273,754
Total Reserves			478,662	362,127

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

R Simpson

22 September 2016

CASH FLOW STATEMENT

	Note No.	2015/16 £000	2015/16 £000	2014/15 £000	2014/15 £000
OPERATING ACTIVITIES					
Net (surplus) or deficit on the provision of services		91,968		156,850	
Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(21,431)		13,083	
Interest Paid		34,748		41,132	
Interest and investment property rental income Received		(5,088)		(8,819)	
Net Cash (inflow) outflow from the provision of services			100,197		202,246
Adjustment for movement in Non-Cash Items					
Provisions and accounting basis transactions					
Depreciation		(39,286)		(27,612)	
Impairment and downward valuations		(9,117)		(39,279)	
Amortisations		(3,996)		(3,378)	
Increase in impairment for allowance for bad debts		3,713		2,465	
Pension liability - accounting basis		(45,859)		(40,533)	
Carrying amount of non-current assets sold		(64,506)		(92,221)	
Provisions		(7,508)		(1,292)	
Movements in the value of investment properties		361		(4,102)	
Other non-cash movements		16,487		(44,616)	
Net interest payable		(29,857)		(32)	
			(179,568)		(250,600)
Items included/excluded from net surplus or deficit on the provision of services:					
Decrease/(Increase) in creditors		7,779		(28,257)	
Increase/(Decrease) in debtors		5,247		24,862	
(Decrease)/Increase in inventory		(31)		(27)	
Pension liability - paid		29,975		26,832	
			42,970		23,410
Other non-service related items					
Grants applied to the financing of capital expenditure or received to meet the principal repayments on borrowing		58,204		61,942	
Revenue expenditure funded from capital under statute		(69,571)		(56,250)	
Total Adjustment for movement in Non-Cash Items			(11,367)		5,692
Net cash (inflow)/outflow from operating activities			(47,768)		(19,252)
INVESTING ACTIVITIES					
Purchase of property, plant and equipment, investment property and intangible assets		72,612		106,290	
Purchase of short-term and long-term investments		108,208		45,652	
Other payments for investing activities		69,571		56,250	
Proceeds from the sale of property, plant and equipment, investment property and intangible assets		(21,431)		(13,083)	
Capital grants		(38,975)		(85,507)	
Proceeds from short-term and long-term investments		(70,379)		(45,942)	
Net cash (inflow)/outflow from investing activities			119,606		63,660
FINANCING ACTIVITIES					
Cash receipts from short-term and long-term borrowing		(63,783)		(57,568)	
Other receipts from financing activities		-		-	
Cash payments for the reduction of the outstanding liabilities to finance leases and on-Balance Sheet PFI contracts (Principal)		1,211		2,193	
Repayments of short-term and long-term borrowing		5,000		2,800	
Other payments for financing activities		-		-	
Net cash (inflow)/outflow from financing activities			(57,572)		(52,575)
Net (increase)/decrease in cash and cash equivalents			14,266		(8,167)
Cash and cash equivalents at the beginning of the reporting period			13,456		21,623
Cash and cash equivalents at the end of the reporting period			27,722		13,456
Cash held	18		105		107
Bank current accounts	18		(28,952)		(19,628)
Short-term deposits with building societies and Money Market Funds	18		1,125		6,065
Cash and cash equivalents as at 31 March			(27,722)		(13,456)

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 2015/16 Code of Practice on Local Authority Accounting in the United Kingdom (the 2015/16 Code), and the Service Reporting Code of Practice (SeRCOP), both issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The 2015/16 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 2015/16 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 2015/16 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 2015/16 financial year. The Council prepared a review of group activities in 2015/16 that concluded the interests in subsidiaries and other entities are not material. Therefore, there is no requirement to prepare group accounts. The Council has four 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.
- ► Brick by Brick Development Company - 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.
- ► Octavo Partnership - the Council has 40% ownership of this Partnership, and would otherwise be accounted for as an associate under IFRS12

See Note 41 for further details on the Council's Group Interests.

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 2015/16 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.

Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority
- Revenue from non-exchange transactions shall be recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and the amount of the revenue can be measured reliably.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Accounting for Council Tax

While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year. Regulations determine when it should be released from the Collection Fund and transferred to the Authority's General Fund, or paid out from the Collection Fund to the major preceptors. The amount credited to the General Fund under statute is an Authority's precept or demand for the year, plus or minus the Authority's share of the surplus/deficit on the Collection Fund for the previous year.

The Council Tax income included in the Comprehensive Income and Expenditure Statement is the Authority's share of the Collection Fund's accrued income for the year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement. Revenue relating to council tax shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

The cash collected by the Authority from Council Tax payers belongs proportionately to all the major preceptors. The difference between the amounts collected on behalf of the other major preceptors and the payments made to them is reflected as a debtor or creditor balance as appropriate.

Accounting for Non-Domestic Rates (NDR)

The NDR income for the year credited to the Collection Fund is the accrued income for the year. Regulations determine when it should be released from the Collection Fund and paid out to major preceptors and the Government. The amount credited to the General Fund under statute is the Authority's estimated share of NDR for the year from the National Non Domestic Rates (NNDR) 1 return.

The NDR income included in the Comprehensive Income and Expenditure Statement is the Authority's share of the Collection Fund's accrued income for the year from the NNDR 3 return. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement. Revenue relating to non-domestic rates shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

The cash collected by the Authority from NDR payers belongs proportionately to all the major preceptors and Government. The difference between the amounts collected on behalf of the other major preceptors, Government and the payments made to them is reflected as a debtor or creditor balance as appropriate.

1. ACCOUNTING POLICIES (continued)

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

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 2015/16 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.

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. ACCOUNTING POLICIES (continued)

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

- 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)
- the assessment of Fair Value hierarchy when determining valuations in accordance with IFRS13

1.5. NON-CURRENT ASSETS

Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - unobservable inputs for the asset or liability

1. ACCOUNTING POLICIES (continued) - POLICIES 1.5 to 1.8 RELATE TO THE BALANCE SHEET

1.5. NON-CURRENT ASSETS (continued)

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 1.8 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 PPE asset are measured at current value (apart from Surplus Assets, which are held at fair value).

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

The current value of Council houses is their Existing Use Value multiplied by the Social Housing Factor (EUV-SH), and a full valuation of Council dwellings was carried out as at 31st March 2016 using the "Beacon" method.

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

Additionally, property, plant and equipment included in the Balance Sheet at current 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 current value at the Balance Sheet date. Details of this review can be found in Note 12.

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 current 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

1. ACCOUNTING POLICIES (continued) - POLICIES 1.5 to 1.8 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 on a straight line basis 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 on a straight line basis 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 on a straight line basis 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, on a straight line basis.

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 Land & Buildings

School land and 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.

Each school is assessed on a case by case basis. See accounting policy 1.22 for further information.

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 1.8 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. Assets are held at a valuation, but where obtaining a valuation would not be commensurate with the benefit to the users of the accounts, they are held 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. Investments in Associates

The Authority's single entity financial statements record the actual dividend received or receivable. The interest in associates is set out in Note 41 Group Interests (page 70)

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.

1.5.6. 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

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 1.8 RELATE TO THE BALANCE SHEET

1.6. CURRENT ASSETS

1.6.1. 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.

1.6.2. 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.

1.6.3. 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 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.

1.8. 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 1.9 ONWARDS RELATE TO THE OTHER STATEMENTS

1.9. 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.

1.10. LEASES

1.10.1. 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.

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. ACCOUNTING POLICIES (continued) - POLICIES 1.9 ONWARDS RELATE TO THE OTHER STATEMENTS

1.10.2. 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.

1.11. 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 the NHS pension scheme, 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 2015/16 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

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

► 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.

1. ACCOUNTING POLICIES (continued) - POLICIES 1.9 ONWARDS RELATE TO THE OTHER STATEMENTS

1.11. EMPLOYEE BENEFITS (continued)

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 and the NHS Pension Scheme are unfunded pension schemes, and therefore the liabilities and the benefits cannot be held by the Authority.

1.12. 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

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. ACCOUNTING POLICIES (continued) - POLICIES 1.9 ONWARDS RELATE TO THE OTHER STATEMENTS

1.13. 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.

1.14. 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 for 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.

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.

1.15. 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. ACCOUNTING POLICIES (continued) - POLICIES 1.9 ONWARDS RELATE TO THE OTHER STATEMENTS

1.16. 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.

1.17. 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 the previous financial year, 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.

1.18. 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. An adjustment is made through the MIRS 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 pre 2007,and is based on fixed payments of 2% of the balance, payable over 50 years, which is commensurate with the asset lives.

- ► Anuity method for unsupported borrowing and PFI debt, over a repayment period of 50 years

1.19. 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 2015/16 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.

1.20. BORROWING COSTS

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

1.21. 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.

1.22. SCHOOLS

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the Group Accounts). Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

2. ACCOUNTING STANDARDS ISSUED, NOT ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/17 Code:

The CIPFA Code of Practice on Transport Infrastructure Assets (the Infrastructure Code) takes effect from 1 April 2016. The Code confirms that the changes arising from the Infrastructure Code do not require retrospective adjustment to the accounts. Under the Infrastructure Code transport infrastructure assets will be recognised as a separate class of Property, Plant and Equipment measured at depreciated replacement cost. This will consist of seven components: carriageways, footways and cycle tracks, structures, street lighting, street furniture, traffic management systems and land. The disclosure will require a transfer of assets between infrastructure and the new highways network asset categories. This is likely to result in a revaluation gain due to the change from depreciated historic cost to depreciated replacement cost basis. Thus the new valuation will reflect the current cost of replacement rather than the original cost of works, which would have been built up over a significant time period.

IAS 1 Presentation of Financial Statements. This standard provides guidance on the form of the financial statements. The ‘Telling the Story’ review of the presentation of the Local Authority financial statements as well as the December 2014 changes to IAS 1 under the International Accounting Standards Board (IASB) Disclosure Initiative will result in changes to the format of the accounts in 2016/17. The format of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement will change and introduce a new Expenditure and Funding Analysis.

Other minor changes due to Annual Improvement to IFRSs cycles, IFRS11 Joint arrangements, IAS 16 Property Plant, Equipment and IAS 38 Intangible Assets and IAS 19 Employee Benefits are minor and are not expected to have a material effect on the Council’s Statement of Accounts. The Code requires implementation from 1 April 2016 and there is therefore no impact on the 2015/16 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).

Schools Ownership

As set out in policy 1.22, the Council has reviewed control of schools on a case by case basis, and recognised only those schools where the Council has the balance of control, as shown in the table below:

	number of schools	Value of Land & Buildings recognised £'000
Community Schools, Foundation Schools, Nursery Schools, Special Schools	46	313,251
Voluntary aided and Voluntary Controlled Faith Schools	15	nil

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 2016 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

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.

IAS19 requires the disclosure of the sensitivity of the results to the methods and assumptions used.
The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:
Change in assumptions at 31 March 2016:

	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.5% decrease in Real Discount Rate	10%	117,148
1 year increase in member life expectancy	3%	36,824
0.5% increase in the Salary Increase Rate	2%	24,073
0.5% increase in the Pension Increase Rate	8%	92,295

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 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.

Fair Value Measurement

When the fair values of financial assets and liabilities cannot be measured based on quoted process in active markets, their fair value is measured using valuation techniques, such as quoted prices for similar assets, or a discounted cash flow model. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible, judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities.

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 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 2015/16 3 schools transferred from London Borough of Croydon ownership to academies owned by private organisations, and a further 2 schools with Foundation status transferred to Academy status. These schools were transferred as finance leases and as a result their net book value of £42.091 m has been de-recognised from property, plant and equipment. This has resulted in a deficit of £42.091m 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 reduced by £63.2m as a result of actuarial gains. 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.

National Non-Domestic Rates (NNDR) - provision for appeals
The Council is a billing authority, and maintains a Collection Fund for the receipts and payments relating to Council Tax and Business Rates. During late 2014/15 and early 2015/16, the Council experienced a significant rise in appeal volumes due to changes in national guidance on the back dating of appeals by the Valuation Office Agency (VOA). There are approximately 1,000 well founded appeal cases outstanding, and the Council has increased the provision for sucessful appeals by £19.5m This is chareable to the Collection Fund, and the Council is responsible for 30% of the overall Business Rates position. See the Collection Fund and associated notes for further information.

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 22 September 2016. There were no events affecting the 2015/16 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)

2015/16	General Fund Balance £	HRA Balance £	Earmarked Reserves Balance £	Capital Receipts Balance £	Capital Grants Unapplied Balance £	Major Repairs Reserve Balance £	Total Usable Reserves Balance £
Balances b/f at 1 April 2015	**10,677**	**15,267**	**39,284**	**18,100**	**3,620**	**1,425**	**88,373**
Movement in reserves during 2015-16							
Surplus or deficit on the provision of services	(105,925)	13,958					(91,967)
Other Comprehensive Expenditure and Income							
Impairment / Revaluation gains and losses chargable to Revaluation Reserve							
General Movement in available for sale financial instruments							
Movement in pensions reserve							
Total Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0
Total Comprehensive Expenditure and Income	**(105,925)**	**13,958**	**0**	**0**	**0**	**0**	**(91,967)**
Adjustments between accounting basis and funding basis under regulations							
Depreciation	30,377	(569)				17,344	47,152
Impairment and revaluation gains and losses chargeable to CI&E	9,478	0					9,478
Amortisation of intangible assets	3,962	34					3,996
Movements in the fair value of investment properties	(361)	0					(361)
Capital grants and contributions	(53,125)	0			(322)		(53,447)
Revenue expenditure funded from capital under statute	63,810	5,760					69,570
Net gain / loss on sale of non-current assets	52,591	(9,491)		21,448			64,548
Amount by which finance costs charged to the CI&E are different from finance costs chargable in the year in accordance with statutory requirements	(86)	(98)					(184)
Reversal of items relating to retirement benefits debited or credited to the CI&E	14,366	1,518					15,884
Employer's pensions contributions and direct payments to pensioners payable in the year							0
Amount by which Council Tax and NNDR income credited to the CI&E is different from the amount taken to the General Fund in accordance with statutory requirements	5,737						5,737
Business Rate Supplement Revenue Account							0
Statutory provision for the repayment of debt	(6,875)						(6,875)
Capital expenditure charged to General Fund and HRA balances		(16,635)					(16,635)
Transfers in respect of Community Infrastructure Levy receipts	(5,079)				5,079		0
Transfer from Capital Receipts Reserve to Housing Capital Receipts Pool	0	2,067		(2,067)			0
Use of the Major Repairs Reserve to finance capital expenditure	0					(16,983)	(16,983)
Use of the Capital Receipts Reserve to finance capital expenditure	0			(5,704)			(5,704)
Compensated absences	(633)	6					(627)
Total Adjustments between accounting basis and funding basis under regulations	114,162	(17,408)	0	13,677	4,757	361	115,549
2015-16 Net Increase / Decrease before Transfers to / from Earmarked Reserves	8,237	(3,450)	0	13,677	4,757	361	23,582
Transfers to / from Earmarked Reserves	(10,597)		10,597				0
Other movements in reserves	2,360		(2,360)				0
Net Increase / (decrease) in reserves for the year	0	(3,450)	8,237	13,677	4,757	361	23,582
Balances c/f at 31 March 2016	**10,677**	**11,817**	**47,521**	**31,777**	**8,377**	**1,786**	**111,955**

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)

Revaluation Reserve Balance £	CAA Balance £	Financial Instruments Adjustment Account Balance £	Pensions Reserve Balance £	Deferred Capital Receipts Balance £	Collection Fund Adjustment Account Balance £	STACA Balance £	Total Unusable Reserves Balance £	Total Authority Reserves Balance £
416,640	**410,306**	**(1,901)**	**(556,625)**	**34**	**8,168**	**(2,864)**	**273,758**	**362,131**
							0	(91,967)
129,401							129,401	129,401
		0					0	0
			79,097				79,097	79,097
129,401	0	0	79,097	0	0	0	208,498	208,498
129,401	**0**	**0**	**79,097**	**0**	**0**	**0**	**208,498**	**116,531**
(5,572)	(41,579)						(47,151)	1
	(9,478)						(9,478)	0
	(3,996)						(3,996)	0
	361						361	0
	53,447						53,447	0
	(69,570)						(69,570)	0
(9,801)	(54,730)			(18)			(64,549)	(1)
		185					185	1
			(15,884)				(15,884)	0
							0	0
					(5,737)		(5,737)	0
							0	0
	6,875						6,875	0
	16,635						16,635	0
							0	0
							0	0
	16,983						16,983	0
	5,704						5,704	0
						627	627	0
(15,373)	(79,348)	185	(15,884)	(18)	(5,737)	627	(115,548)	1
114,028	(79,348)	185	63,213	(18)	(5,737)	627	92,950	116,532
							0	0
							0	0
114,028	(79,348)	185	63,213	(18)	(5,737)	627	92,950	116,532
530,668	**330,958**	**(1,716)**	**(493,412)**	**16**	**2,431**	**(2,237)**	**366,708**	**478,663**

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	HRA Balance £'000	Earmarked Reserves Balance £'000	Capital Receipts Balance £'000	Capital Grants Unapplied Balance £'000	Major Repairs Reserve Balance £'000	Total Usable Reserves Balance £'000
Balances b/f at 1 April 2014	**11,597**	**10,810**	**68,468**	**9,778**	**4,373**	**947**	**105,973**
Movement in reserves during 2014-15							
Surplus or deficit on the provision of services	(178,023)	21,173					(156,850)
Other Comprehensive Expenditure and Income							
Impairment / Revaluation gains and losses chargable to							
General Movement in available for sale financial instruments							
Movement in pensions reserve							
Total Other Comprehensive Expenditure and Income	0	0	0	0	0	0	0
Total Comprehensive Expenditure and Income	**(178,023)**	**21,173**	**0**	**0**	**0**	**0**	**(156,850)**
Adjustments between accounting basis and funding basis							
Depreciation	30,610	(2,998)				17,461	45,073
Impairment and revaluation gains and losses chargeable to CI&E	39,279	0					39,279
Amortisation of intangible assets	3,352	26					3,378
Movements in the fair value of investment properties	4,102	0					4,102
Capital grants and contributions	(61,525)	(540)			(753)		(62,818)
Revenue expenditure funded from capital under statute	51,174	5,076					56,250
Net gain / loss on sale of non-current assets	87,119	(7,954)		13,145			92,310
Amount by which finance costs charged to the CI&E are different from finance costs chargable in the year in accordance with statutory requirements	(86)	(98)					(184)
Reversal of items relating to retirement benefits debited or credited to the CI&E	12,370	1,331					13,701
Employer's pensions contributions and direct payments to pensioners payable in the year							0
Amount by which Council Tax and NNDR income credited to the CI&E is different from the amount taken to the General Fund in accordance with statutory requirements	(3,165)						(3,165)
Business Rate Supplement Revenue Account							0
Statutory provision for the repayment of debt	(14,595)						(14,595)
Capital expenditure charged to General Fund and HRA balances	0	(13,368)					(13,368)
Transfers in respect of Community Infrastructure Levy receipts							0
Transfer from Capital Receipts Reserve to Housing Capital Receipts Pool		1,841		(1,841)			0
Use of the Major Repairs Reserve to finance capital expenditure						(16,983)	(16,983)
Use of the Capital Receipts Reserve to finance capital expenditure				(2,982)			(2,982)
Compensated absences	(715)	(32)					(747)
Total Adjustments between accounting basis and funding basis under regulations	147,920	(16,716)	0	8,322	(753)	478	139,251
2014-15 Net Increase / Decrease before Transfers to / from Earmarked Reserves	(30,103)	4,457	0	8,322	(753)	478	(17,599)
Transfers to / from Earmarked Reserves	27,579		(27,579)				0
Other movements in reserves	1,604		(1,604)				0
Net Increase / (decrease) in reserves for the year	(920)	4,457	(29,183)	8,322	(753)	478	(17,599)
Balances c/f at 31 March 2015	**10,677**	**15,267**	**39,285**	**18,100**	**3,620**	**1,425**	**88,374**

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

Revaluation Reserve Balance £'000	CAA Balance £'000	Financial Instruments Adjustment Account Balance £'000	Pensions Reserve Balance £'000	Deferred Capital Receipts Balance £'000	Collection Fund Adjustment Account Balance £'000	STACA Balance £'000	Total Unusable Reserves Balance £'000	Total Authority Reserves Balance £'000
239,123	**523,425**	**(2,086)**	**(512,440)**	**97**	**5,003**	**(3,611)**	**249,511**	**355,484**
							0	**(156,850)**
193,981							193,981	193,981
		0					0	0
			(30,484)				(30,484)	(30,484)
193,981	0	0	(30,484)	0	0	0	163,497	163,497
193,981	**0**	**0**	**(30,484)**	**0**	**0**	**0**	**163,497**	6,647
(2,781)	(42,292)						(45,073)	0
	(39,279)						(39,279)	0
	(3,378)						(3,378)	0
	(4,102)						(4,102)	0
	62,818						62,818	0
	(56,250)						(56,250)	0
(13,683)	(78,565)			(62)			(92,310)	0
		185					185	1
			(13,701)				(13,701)	0
							0	0
					3,165		3,165	0
							0	0
	14,595						14,595	0
	13,368						13,368	0
							0	0
							0	0
	16,983						16,983	0
	2,982						2,982	0
						747	747	0
(16,464)	(113,120)	185	(13,701)	(62)	3,165	747	(139,250)	1
								0
177,517	(113,120)	185	(44,185)	(62)	3,165	747	24,247	6,648
							0	0
							0	0
177,517	(113,120)	185	(44,185)	(62)	3,165	747	24,247	6,648
416,640	**410,305**	**(1,901)**	**(556,625)**	**35**	**8,168**	**(2,864)**	**273,758**	362,132

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 2015/16.

	Balance at 1 April 2014 £000	Movement In 2014/15 £000	Balance at 31 March 2015 £000	Movement In 2015/16 £000	Balance at 31 March 2016 £000
General Fund - Schools:					
Balances held by schools under a scheme of delegation	11,305	(1,605)	9,700	(2,361)	7,339
General Fund - Non Schools					
Street Lighting PFI Sinking Fund Reserve	4,684	4,047	8,731	(721)	8,010
Growth Zone	0	0	0	7,000	7,000
Selective Licensing	0	0	0	6,208	6,208
Revolving Investment Fund Reserve	2,341	(235)	2,106	(980)	1,126
Transformation Fund	2,222	1,719	3,941	(266)	3,675
New Homes Bonus	0	0	0	657	657
Community Priority Fund	2,886	(651)	2,235	(884)	1,351
Croydon Enterprise Loan Fund	0	0	0	750	750
Troubled Families Grant Reserve	730	797	1,527	(600)	927
Best Start - 2015-16 Transformation	274	(161)	113	1,608	1,721
Unaccompanied Asylum Seekers Grant	1,716	(500)	1,216	(185)	1,031
Health Transformation	0	2,254	2,254	(689)	1,565
TRASC	0	0	0	552	552
Other Reserves under £0.5m	14,691	(8,724)	5,967	(359)	5,608
Reablement Reserve	1,614	(859)	755	(755)	0
Insurance Reserve	0	739	739	(739)	0
Budget Support Reserve 2014/15	2,586	(2,586)	0	0	0
CCURV Affordability Reserve	13,417	(13,417)	0	0	0
Efficiency Dividend Reserve	3,226	(3,226)	0	0	0
ICT Contract Transition Reserve	1,000	(1,000)	0	0	0
IT Technology Fund Reserve	4,746	(4,746)	0	0	0
Welfare Reform Reserve	1,029	(1,029)	0	0	0
Sub-total Non Schools	57,162	(27,578)	29,584	10,597	40,181
Total Earmarked Reserves	68,467	(29,183)	39,284	8,236	47,520

	Balance at 1 April 2014 £000	Movement In 2014/15 £000	Balance at 31 March 2015 £000	Movement In 2015/16 £000	Balance at 31 March 2016 £000
HRA:					
New Build Housing	7,041	4,231	11,272	(1,852)	9,420
Housing Repairs Fund	0	0	-		0
Major Repairs Reserve	947	478	1,425	360	1,785
Contingency Reserve	3,769	226	3,995	(1,598)	2,397
Total	11,757	4,935	16,692	(3,090)	13,602

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 for all reserves over £0.5m:

School Balances (£7.339m)
School balances have decreased by £2.361m to £7.339m. The decrease in reserves is largely due to a number of schools converting to academy status. There are four schools with a revenue deficit. Action plans are agreed with schools in deficit to ensure that they return to a balanced position.

Street Lighting PFI Sinking Fund (£8.010m)
This balance is held to manage the costs and income of the PFI contract over the duration of its life.

Growth Zone Reserve (£7m)
Funding has been received from the DCLG to fund initial set up and early life costs of Croydon's proposed Growth Zone. This funding will be used to meet borrowing costs of up-front investment until the Growth Zone can be supported by it's own revenue generation.

Selective Licensing (£6.208m)
This reserve holds income from Croydon's Selective Licensing scheme, and will be used over the life of the license to improve the standards of private rented housing within the Borough.

Revolving Investment Fund Reserve (£1.126m)
The Revolving Investment Fund is set aside to fund the up-front costs of the schemes within the investment fund.

Transformation Fund (£3.675m)
The Transformation Fund is to support the delivery of the transformation programme. These projects have made significant contributions towards the delviery of revenue savings during the life of Croydon Challenge.

New Homes Bonus (£0.657m)
The Council has top sliced a portion of it's New Homes Bonus revenue grant to fund capital investment within the Borough.

Community Priority Fund (£1.351m)
This reserve is set aside to support key initiatives of the administration.

Croydon Economic Loan Fund (£0.750m)
This reserve has been created to improve the access of Croydon Businesses to an economic loan fund

Troubled Families & Payment By Results Programme (£0.927m)
The troubled family programme continues to support families within the Borough. As there is a timing difference between income and expenditure, these balances need to be carried forward to support the Programme's delivery.

Best Start (£1.721m)
Best Start builds on the Council's primary prevention and Family Engagement Partnership work by bringing together midwives, health visitors, early years and other practitioners alongside children's centres and family support teams to work with and support families from pregnancy through to when the children start school.

Unaccompanied Minors Asylum Seekers Grant (£1.031m)
The Unaccompanied Minors Asylum Seekers Grant is set up to manage the council's spend on asylum seekers. There is a risk that the costs funded by the Home Office may reduce in future years.

Health Transformation (£1.565m)
The Health Transformation reserve will be used to support public health improvement for residents.

TRASC (£0.552m)
This reserve is held to fund the Transformation of Adult Social Care (TRASC) programme

Other Reserves (£5.608m)
This includes other reserves with a balance of less than £0.500m as at 31st March 2016.

9. OTHER OPERATING EXPENDITURE

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

	2015/16	2014/15
	£000	£000
Levies	1,433	1,398
Payments of Housing capital receipts to Government pool	2,067	1,841
(Gain)/loss on disposal of non-current assets	43,076	79,139
(Gain)/loss on revaluation of non-current assets	9,478	39,279
Total	56,054	121,657

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.

	2015/16	2014/15
	£000	£000
Interest payable and similar charges	34,950	39,155
Interest receivable and similar income	(3,886)	(6,519)
Premium on early repayment of debt	120	134
Changes in fair value of investment properties	(361)	4,101
Rent received from investment properties	(983)	(180)
Exceptional item - JL LLP Equity Payment	0	19,550
Net Interest on the net defined liability	39,381	46,300
Expected Return on Pension Assets	(22,155)	(25,591)
Interest received on finance leases (lessor)	(223)	(223)
(Surplus) / deficit on trading undertakings	202	144
Total	47,045	76,871

11. TAXATION AND NON-SPECIFIC GRANT INCOME

	2015/16	2014/15
Credited to Taxation and Non-Specific Grant Income	£000	£000
Recognised Capital Grants and Contributions	13,601	23,539
Council Tax Income	141,821	134,193
National Non-Domestic Rates (NNDR)	59,289	64,370
Revenue Support Grant	61,367	80,505
Non-service Related Government Grants (see Note 32)	21,397	22,463
Taxation and Non-Specific Grants	297,475	325,070

12. PROPERTY, PLANT AND EQUIPMENT

This note sets out the changes in gross and net book value of the above groups of assets during 2015/16.

2015/16	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 2015	738,638	770,485	1,211	117,387	5,981	15,331	9,162	1,658,195	70,163
Gross Book Value at 1 April 2015	990,371	780,167	41,349	209,571	8,204	15,501	9,161	2,054,324	71,294
Additions	27,791	10,351	89	30,828	158	0	4,205	73,422	18,038
Revaluation increase/(decrease) recognised in the Revaluation Reserve	67,446	34,164	0	0	0	1,090	0	102,700	698
Revaluation increase/(decrease) recognised in the Surplus/Deficit on the Provision of Services	0	(20,292)	0	0	0	(192)	0	(20,484)	(272)
Derecognition - Disposals	(7,919)	0	0	0	0	0	0	(7,919)	0
Derecognition - Other	0	(44,929)	0	0	0	(6,264)	(8,330)	(59,523)	0
Assets reclassified (to)/from held for sale	0	(4,419)	0	0	0	0	0	(4,419)	0
Transfers/Reclassifications	0	(953)	0	0	0	11,900	-	10,947	0
Other Movements in cost or valuation								0	
Gross book value 31 March 2016	1,077,689	754,089	41,438	240,399	8,362	22,035	5,036	2,149,048	89,758
Accumulated Depreciation and Impairment at 1 April 2015	251,734	9,682	40,139	92,184	2,223	170	0	396,132	1,131
Depreciation for year	16,414	15,395	765	13,932	575	71	0	47,152	2,225
Depreciation written out to the Revaluation reserve	(16,283)	(10,316)	0	0	0	(101)	0	(26,700)	(717)
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	(10,974)	0	0	0	(32)	0	(11,006)	(565)
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	(2,144)	0	-	0	0	0	0	(2,144)	0
Derecognition - Other	0	(792)	0	0	0	0	0	(792)	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 2016	249,721	2,995	40,904	106,116	2,798	108	0	402,642	2,074
Net book value 31 March 2016	827,968	751,094	534	134,283	5,564	21,927	5,036	1,746,406	87,684

Council Dwellings

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

Depreciation

The depreciation policy is set out under the Statement of Accounting Policies.

12. PROPERTY, PLANT AND EQUIPMENT

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	(808)
Revaluation increase/(decrease) recognised in the Surplus/Deficit on the Provision of Services	0	(48,110)	0	0	0	(1,597)	0	(49,707)	4,710
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)	(14,141)
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	71,294
Accumulated Depreciation and Impairment at 1 April 2014	253,719	24,548	38,523	79,471	1,673	156	0	398,090	19,726
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)	(3,264)
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	(10,428)	0	0	0	0	0	(10,428)	(2,610)
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)	(14,141)
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	1,131
Net book value 31 March 2015	738,638	770,485	1,211	117,387	5,981	15,331	9,162	1,658,195	70,163

12. PROPERTY, PLANT AND EQUIPMENT (continued)

REVALUATIONS

The Authority carries out a rolling programme to ensure all Property, Plant and Equipment required to be measured is revalued at least every five years. Valuation of Other Land and Buildings were carried out by external valuers Kier. Additionally, an internal annual review was undertaken to determine if there were any material changes to Property, Plant and Equipment as at 31 March 2016 for assets not revalued in 2015/16.

Using the valuation data from the rolling programme, as well as additional specific external revaluations obtained during 2015/16 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 current 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 2016.

The valuations of Council dwellings were undertaken externally by Kier as at 31 March 2016. 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.

FAIR VALUE HIERARCHIES

The council's investment properties and surplus assets not held for sale has been assessed as Level 2 for valuation purposes (see Note 1.5, Accounting Policies, for explanation of Fair Value levels)

Valuation Techniques Used To Determine Level Two Fair Value

Investment properties and surplus assets have been valued using either the Market or Income approaches to Fair Value. The valuations were carried out by external valuers Kier Business Services.

Valuations have taken into account the following factors:

- existing lease terms and rentals relating to each property, including income produced
- independent research into market evidence including market rentals and yields, adjusted to reflect the nature of each tenancy or void

Highest and Best Use of Investment Properties

In estimating the fair value of Croydon's investment properties and surplus properties, the highest and best use of the properties is deemed to be their current use.

Valuers

The valuations of Council dwellings were undertaken externally by Kier as at 31 March 2016. 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

Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

12. PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

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

- ► Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- ► Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- ► Level 3 - unobservable inputs for the asset or liability

Measurement of fair value of non-financial assets

The following table shows the Levels within the hierachy of non-financial assets measured at fair value on a recurring basis at 31 March 2016. Note, that the majority of Property, Plant and Equipment is carried at current value in accordance with IAS 16 adaptation., and are not carried at fair value.

	Level 1 £000	Level 2 £000	Level 3 £000	31 March 2016 Total £000
Surplus Assets	-	21,927	-	21,927
Investment Properties	-	11,325	-	11,325
Assets held for Sale	-	11,519	-	11,519
Total non-financial assets held at Fair Value		**44,771**	**-**	**44,771**

CAPITAL COMMITMENTS

Capital schemes with significant contractual commitments for future capital expenditure in 2016-17:

Department	Capital Scheme	Estimated Total Cost 2016-17 £000	Estimated Total Cost 2015-16 £000
People	Primary Capital Programme	74,060	20,886
	Special Educational Needs Capital Programme	16,444	
	Secondary Schools	8,500	5,451
	Acadamies Programme	-	4,519
Place	New Addington Regeneration	7,830	-
	Other Public Realm	-	6,229
	Fairfield Halls refurbishment	4,000	-
	East Croydon Link Bridge	-	1,200
Resources	ICT equipment and technical refresh	6,219	-
	Total Cost	**117,053**	**38,285**

13. HERITAGE ASSETS

The carrying value of heritage assets held by the authority is no longer judged to be material, and consequently the Heritage Assets note will no longer be prepared as part of the authority's finanical statements.

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.

	2015/16 Total £000	2014/15 Total £000
Rental income from investment property:		
Commercial rents - other than finance leases	175	180
Commercial rents - finance leases:		
Interest received on finance leases	223	223
Regulation 4 mitigation on finance lease capital receipts	25	22
Net gain/(loss)	423	425

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.

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

	2015/16 Total £000	2014/15 Total £000
Balance at start of the year	21,912	26,013
Additions:		
Purchases	0	0
Construction	0	0
Subsequent expenditure	0	0
Disposals	0	0
Net gains/losses from fair value adjustments	361	(4,101)
Transfers:		
to/from Property, Plant and Equipment	(10,948)	0
Other changes		0
Balance at end of the year	11,325	21,912

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:

	2015/16			2014/15		
	Internally Generated Assets	Other Assets	Total	Internally Generated Assets	Other Assets	Total
	£000	£000	£000	£000	£000	£000
Balance at start of year:						
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)
Net carrying amount at start of year	0	12,405	12,405	0	13,142	13,142
Additions:						
Purchases	0	145	145	0	2,641	2,641
Amortisation for the period	0	(3,996)	(3,996)	0	(3,378)	(3,378)
Other changes - cost	0	0	0	0	(2,621)	(2,621)
Other changes - amortisation	0	0	0	0	2,621	2,621
Net carrying amount at end of year	0	8,554	8,554	0	(737)	(737)
Comprising:						
Gross carrying amounts	0	25,998	25,998	0	25,853	25,853
Accumulated amortisation	0	(17,444)	(17,444)	0	(13,448)	(13,448)
	0	8,554	8,554	0	12,405	12,405

There are no intangible assets that are individually material, i.e. with 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 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
<u>Financial Liabilities</u>	**Non-Current**		**Current**	
Borrowings				
Financial liabilities at amortised cost	729,061	695,815	77,031	69,530
Financial liabilities at fair value through profit and loss		0	0	0
Fair value through profit and loss		0	0	0
Other borrowing (finance lease and PFI)	79,572	70,855	(3,755)	(3,982)
Total borrowings	808,633	766,670	73,276	65,548
Financial liabilities at amortised cost	0	0		0
Financial liabilities carried at contract amount (see Note 20)	0	0	87,167	90,475
Creditors that are not a financial instrument	0	0	31,016	32,216
Total Creditors	0	0	118,183	122,691
Financial liabilities at amortised cost - cash and cash equivalents	0	0	28,847	19,521

<u>Financial Assets</u>

	Non-Current		Current	
Investments				
Loans and debtors	0	25,000	120,000	70,000
Available-for-sale financial assets	0	0	0	0
Fair value through profit and loss	30,001	20,000	0	0
Unquoted equity available-for-sale	0	7,806	0	0
Total Investments	30,001	52,806	120,000	70,000
Loans and debtors	7,949	4,309		0
Financial assets carried at contract amounts (including PFI)	0	0	126,398	122,548
Debtors that are not financial instruments	0	0	472	(4,639)
Total Debtors	7,949	4,309	126,870	117,909
Loans and debtors - cash and cash equivalents	0	0	1,125	6,065

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 £75.817m in 2015/16 (£59.067m in 2014/15)

Financial Instruments - Gains / Losses	**Financial Liabilities**	**Financial Assets**			**2015/16**	**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**	**Total £000**
Interest expense	34,950				34,950	39155
Losses on derecognition	0				0	0
Impairment losses	0				0	0
Interest payable and similar charges	34,950	0	0	0	34,950	39,155
Interest Income		(4,109)			(4,109)	(6,744)
Gains on derecognition					0	0
Interest and investment income	0	(4,109)	0	0	(4,109)	(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. Please see Note 1.5 in the Accounting Policies section for further information.

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

	Fair Value Hierarchy	31 March 2016 Carrying Amount £000	31 March 2016 Fair Value £000	31 March 2015 Carrying Amount £000	31 March 2015 Fair Value £000
PWLB - maturity	level 2	598,365	690,620	578,366	664,891
Lender Option Borrower Options (LOBOs)	level 2	140,494	178,597	140,494	172,877
Stock issues	level 1	318	318	318	347
Bank overdraft	level 1	28,847	28,847	19,521	19,521
Other borrowings	level 2	66,915	67,037	46,170	46,432
Non-current creditors	-	0	0	0	0
Financial Liabilities		834,939	965,419	784,869	904,068

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

	Fair Value Hierarchy	31 March 2016 Carrying Amount £000	31 March 2016 Fair Value £000	31 March 2015 Carrying Amount £000	31 March 2015 Fair Value £000
Cash		0	0	0	0
Money Market Loans	level 1	1,125	1,173	6,065	6,132
Deposits with banks and other Local Authorities	level 1	120,000	120,551	95,000	95,547
Long-term debtors	level 2	7,949	7,949	4,309	4,309
Financial Assets		129,074	129,673	105,374	105,988

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.

16. FINANCIAL INSTRUMENTS (continued)

FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted process (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted process included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 31 March 2016.

	Level 1 £000	Level 2 £000	Level 3 £000	31 March 2016 Total £000
Financial Assets				
Investments and cash and cash equivalents	-	121,724.0	-	121,724.0
Long Term debtors	7,949.0	-	-	7,949.0
Total Financial Assets	**7,949.0**	**121,724.0**	**-**	**129,673.0**
Financial Liabilities				
PWLB Loans	-	690,620.0	-	690,620.0
LOBO Loans	-	178,597.0	-	178,597.0
Long term creditors	96,202.0	-	-	96,202.0
Total Financial Liabilities	**96,202.0**	**869,217.0**	**-**	**965,419.0**

There were no transfers between Level 1 and Level 2 in 2015/16.

Measurement of fair value of financial instruments

The Council's finance team performs valuations of financial items for financial reporting purposes in consultation with third party valuation specialists for complex valuations. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. The finance team reports directly into the Assistant Chief Executive (Corporate Resources and Section 151 Officer) and to the General Purposes and Audit Committee. Valuation processes and fair value changes are discussed among the General Purposes and Audit committee and the valuation teach at least every year, in line with the Council's reporting date.

The valuation techniques used for material instruments categorised in Levels 2 and 3 are described below:

PWLB and LOBO Loans (Level 2)

The Council's treasury management advisors, Capita Asset Services, carry out an assessment of the fair values of the PWLB and LOBO loans. These are estimated using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market interest rates of similar loans with similar risk. Capita have calculated the discount rate based on the equivalent new loan rate for the type of borrowing.

As the fair values have been calculated from observable market data, other than process for identical instruments, these are classified as level 2.

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

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

	2015/16 Debtors	2015/16 PIA	2015/16 Allowance for Doubtful Debt	2015/16 Total	2014/15
	£000	£000	£000	£000	£000
Central Government bodies	18,142	23		18,165	18,020
Other Local Authorities	20,538	1,534		22,072	12,587
NHS bodies	4,558	0		4,558	1,174
Public corporations and trading funds	0	0		0	1,107
Other entities and individuals	126,398	6,233	(50,556)	82,075	85,022
Total	169,636	7,790	(50,556)	126,870	117,910

18. CASH AND CASH EQUIVALENTS

	2015/16 £000	2014/15 £000
Cash held	105	107
Bank current accounts	(28,952)	(19,628)
Short-term deposits with building societies and Money Market Funds	1,125	6,065
Total	(27,722)	(13,456)

19. ASSETS HELD FOR SALE

	2015/16 £000	2014/15 £000
Balance at start of the year	7,100	11,753
Transfers from / (to) Property, Plant and Equipment	4,419	(4,653)
Balance outstanding at year end	11,519	7,100

The site of the original Taberner House was revalued as part of the 2015-16 revaluations by Kier. Using Fair Value (Market value) it was revalued at £12.862m. However, under the CIPFA 2015-16 Code of Practice on Local Authority Accounting, Assets Held For Sale are held at the lower of their Carrying Value (£7.100m) or their Fair Value (£12.862m)

20. CREDITORS AND RECEIPTS IN ADVANCE (RIA)

	2015/16 Creditors	2015/16 RIA	2015/16 Total	2014/15
	£000	£000	£000	£000
Central Government bodies	6,268	5,658	11,926	14,315
Other Local Authorities	6,555	2,749	9,304	6,242
NHS bodies	1,930	76	2,006	3,629
Public corporations and trading funds	234	5	239	887
Other entities and individuals	72,180	22,528	94,708	97,618
Total	87,167	31,016	118,183	122,691

21. PROVISIONS

	Insurance £000	NNDR Appeals £000	Other Provisions £000	Total £000
Balance at 1 April 2015	6,400	2,040	1,524	9,964
Amounts used in 2015/16	(1,592)	0	(998)	(2,590)
Additional provisions made in 2015/16	3	5,910	1,596	7,509
Provisions released in 2015/16	0	0	0	0
Balance at 31 March 2016	4,811	7,950	2,122	14,883

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:

	2015/16 £000	2014/15 £000
General Fund	10,677	10,677
Housing Revenue Account	11,817	15,267
Earmarked reserves	47,520	39,284
Capital receipts reserve	31,777	18,100
Capital grants unapplied	8,377	3,620
Major repairs reserve	1,785	1,425
	111,953	88,373

22.1. General Fund

The General Fund Balance at 31 March 2016 is £10.677m (31 March 2015 was £10.677m)

22.2. Housing Revenue Account and Major Repairs Reserve

The Housing Revenue Account Balance at 31 March 2016 is £ 13.603m (31 March 2015 is £16.692m). This figure is made up of the surplus of £ 11.818m (31 March 2015: £15.267m) and the Major Repairs Reserve of £ 1,785m (31 March 2015: £1.425m). Further details are given in the HRA Statements

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	2015/16 Total £000	2014/15 Total £000
Balance brought forward	9,539	8,562	18,101	1,645
Mortgage repayments		18	18	62
Net surplus for year	9,539	8,580	18	62
Receipts from sales of assets during the year	6,165	15,265	21,430	13,083
Lessor Leases			0	-
Cost of disposals			0	-
Transfer to Housing Capital Receipts Pool	0	(2,067)	(2,067)	(1,841)
Balance of receipts after transfer	6,165	13,198	19,363	11,242
Balance on account before application of receipts	15,704	21,778	37,482	21,082
Financing of capital expenditure	(5,704)		(5,704)	(2,982)
Balance carried forward	10,000	21,778	31,778	18,100

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

	2015/16 £000	2014/15 £000
Revaluation reserve	530,668	416,640
Capital adjustment account	330,958	410,306
Financial Instruments adjustment account	(1,716)	(1,901)
Pensions reserve	(493,412)	(556,625)
Deferred capital receipts	17	34
Collection Fund adjustment account	2,431	8,168
Short-term accumulating compensated absences account	(2,237)	(2,868)
	366,709	273,754

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.

23. UNUSABLE RESERVES (continued)

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.

	2015/16 £000	2015/16 £000	2014/15 £000
Balance at 1 April		416,640	239,123
Revaluations upward	142,151		202,459
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(12,750)		(8,478)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services		129,401	193,981
The difference in depreciation arising from a revaluation gain and the depreciation charged on the historic cost	(5,572)		(2,781)
Accumulated gain or loss on assets sold or scrapped	(9,801)		(13,683)
Amount written off to the Capital Adjustment Account		(15,373)	(16,464)
Balance at 31 March		530,668	416,640

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.

	2015/16 £000	2015/16 £000	2014/15 £000
Balance at 1 April		410,306	523,425
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)	(47,151)		(45,073)
Revaluation losses on Property, Plant and Equipment	(22,936)		(55,809)
Impairment/revaluation gains reversing losses previously charged to Comprehensive Expenditure and Income	13,458		16,530
Amortisation of intangible assets	(3,996)		(3,378)
Revenue expenditure funded from capital under statute	(69,570)		(56,250)
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	(64,506)		(92,222)
		(194,701)	(236,202)
Adjusting amounts written out of the Revaluation Reserve		15,373	16,464
Net written out amount of the cost of non-current assets consumed in the year		(179,328)	(219,738)
Capital financing applied in the year:			
Use of the Capital Receipts Reserve to finance new capital expenditure	5,704		2,982
Use of the Major Repairs Reserve to finance new capital expenditure	16,983		16,983
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	53,125		61,942
Application of grants to capital financing from the Capital Grants Unapplied Account	322		876
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	6,875		14,595
Capital expenditure charged against the General Fund and HRA balances	16,635		13,368
		99,644	
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		361	(4,102)
Lessor Leases - Regulation 4 Mitigation		(25)	(25)
Balance at 31 March		330,958	410,306

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 2016 shows a balance of £1.7m (£1.9m in 2014/15) 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.

	2015/16 £000	2015/16 £000	2014/15 £000
Balance at 1 April		(1,901)	(2,086)
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		185
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	185
Balance at 31 March		(1,716)	(1,901)

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.

	2015/16 £000	2014/15 £000
Balance at 1 April	(556,625)	(512,440)
Actuarial gains or losses on pensions assets and liabilities	79,097	(30,484)
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	(15,884)	(13,701)
Balance at 31 March	(493,412)	(556,625)

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.

	2015/16 £000	2014/15 £000
Balance at 1 April	35	97
Transfer to the Capital Receipts Reserve upon receipt of cash	(18)	(62)
Balance at 31 March	17	35

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 in 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.

	2015/16 £000	2014/15 £000
Balance at 1 April	8,168	5,003
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	(5,737)	3,165
Balance at 31 March	2,431	8,168

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.

	2015/16		2014/15
	£000	£000	£000
Balance at 1 April	(2,868)		(3,611)
Settlement or cancellation of accrual made at the end of the preceding year	2,868		3,611
Amount accrued at the end of the current year	(2,237)		(2,868)
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		631	743
Balance at 31 March		(2,237)	(2,868)

24. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

YEAR ENDING 31 MARCH 2016

	People £000	Place £000	Resources £000	HRA £000	Total £000
Fees, charges and other service income	(128,352)	(65,928)	(41,870)	(94,762)	(330,912)
Government grants	(244,014)	(10,999)	(277,662)	(46)	(532,721)
Total Income	(372,366)	(76,927)	(319,532)	(94,808)	(863,633)
Employee expenses	200,340	22,780	48,048	13,532	284,700
Other operating expenses	335,682	88,064	352,233	71,065	847,044
Support recharges	44,511	16,617	(42,163)	10,211	29,176
Total operating expenses	580,533	127,461	358,118	94,808	1,160,920
Net Cost of Services	208,167	50,534	38,586	0	297,287

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	8,325
Add amounts not reported to management (IAS19)	
Remove amounts not in Net Cost of Services	(202)
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	(19,066)
Net Cost of Services in Comprehensive Income and Expenditure Statement	286,344

Reconciliation to Subjective Analysis (Single Entity)	Service Analysis £000	Services not in Analysis £000	Not reported to management £000	Not included in CI&E £000	Net Cost of Services £000	Corporate Amounts £000	Total £000
Fees, charges and other service income	(330,911)	1,799		(318)	(328,794)		(328,794)
Surplus or deficit on associates and joint ventures							0
Interest and investment income	(48)		(60)		12	(5,230)	(5,218)
Interest received on finance leases (lessor)						(223)	(223)
Income from Council Tax						(141,821)	(141,821)
Government grants and contributions	(532,722)		(152)		(532,570)	(155,654)	(688,224)
IAS19							0
Total Income	(863,681)	1,799	(212)	(318)	(861,352)	(302,928)	(1,164,280)
Employee expenses	284,701	3079		93	287,687		287,687
Other service expenses	827,812	3,447		372	830,887		830,887
Support service recharges	29,176			54	29,122		29,122
Depreciation, amortisation and impairment	9,984		9,984		0		0
Premium and discount on early repayment of debt					0	120	120
Changes in fair value of investment properties					0		0
Impairment of financial instruments					0		0
Interest payments	18,049		18,049		0	29,305	29,305
PFI interest liability					0	5,645	5,645
Precepts and levies					0	1,433	1,433
Payments to Housing Capital Receipts Pool					0	2,067	2,067
Gain or loss on disposal of non-current assets					0	43,076	43,076
Loss on revaluation of non-current assets					0	9,478	9,478
Trading Undertakings					0	202	202
Other adjustments	(10,401)		(10,401)		0	0	0
IAS19	1,646		1,646		0	17,226	17,226
Total operating expenses	1,160,967	6,526	19,278	519	1,147,696	108,552	1,256,248
Surplus or deficit on the provision of services	297,286	8,325	19,066	201	286,344	(194,376)	91,968

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 2015

	People	Place	Resources	HRA	
	£000	£000	£000	£000	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 NCS	(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	1,225		(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

25. TRADING OPERATIONS

The Council has two trading operations in existence: Commercial Rents and Street Markets, which are incorporated into the Comprehensive Income and Expenditure Statement. A review of materiality has determined neither are material enough to disclose in the Council's financial statements and both have therefore been removed.

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 three 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 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.

The Purlrey BID was established from the 1st March 2016 following a sucessful ballot of local businesses.

27. POOLED BUDGETS

The Council has entered into three agreements for pooled budgets under Section 75 of the National Health Service Act 2006 All agreements have been documented, approved by Cabinet and the Croydon Clinical Commissioning Group (CCG) and signed.

The first two 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.

	2015/16			2014/15		
	£000 Council	£000 Partner	£000 Total	£000 Council	£000 Partner	£000 Total
Croydon's Community Equipment Service						
Gross Income	(948)	(917)	(1,865)	(885)	(589)	(1,474)
Gross Expenditure	989	1,055	2,044	0	2,054	2,054
Net Expenditure	41	138	179	(885)	1,465	580
Croydon's Community Occupational Therapy Service						
Gross Income	(258)	(1,504)	(1,762)	(1,492)	(632)	(2,124)
Gross Expenditure	932	414	1,346	0	1,361	1,361
Net Expenditure	674	(1,090)	(416)	(1,492)	729	(763)

27. POOLED BUDGETS (continued)

The most recent agreement is in relation to the Better Care Fund (BCF). This agreement commenced on 1st April 2014 and is hosted by the Croydon Clinical Commissioning Group.

Funding pooled by Croydon Council includes Disabled Facilities Grant and Adult Social Care grant monies. Additional funding is received by the Council from the pool to fund the delivery of agreed objectives set by the BCF Executive Group.

Any surplus or deficit is shared between the pool members pro rata'd on the proportion of funding they contributed to the pool.

	2015/16			2014/15		
	£000 Council	£000 Partner	£000 Total	£000 Council	£000 Partner	£000 Total
Better Care Fund						
Gross Income	(10,345)	(13,043)	(23,388)	(8,313)	(12,781)	(21,094)
Gross Expenditure	10,185	13,203	23,388	8,134	12,960	21,094
Net Expenditure	(160)	160	0	(179)	179	-

28. MEMBERS' ALLOWANCES

Total allowances paid to the Members of the Council was £1.476m in 2015/16 (£1.457m in 2014/15). The Council pays employer's national insurance on Members allowances, taking the total cost to £1.601m in 2015/16 (£1.581m in 2014/15)

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:

	2015/16		2014/15	
Remuneration Band	Schools	Non-Schools	Schools	Non-Schools
£195,000 - £199,999	0	0	0	1
£190,000 - £194,999	0	0	0	0
£185,000 - £189,999	0	1	0	0
£180,000 - £184,999	0	0	0	0
£175,000 - £179,999	0	0	0	1
£170,000 - £174,999	0	0	0	0
£165,000 - £169,999	0	0	0	0
£160,000 - £164,999	0	1	0	0
£155,000 - £159,999	0	0	0	0
£150,000 - £154,999	0	2	0	1
£145,000 - £149,999	0	0	0	0
£140,000 - £144,999	1	0	1	1
£135,000 - £139,999	0	0	0	1
£130,000 - £134,999	0	0	0	0
£125,000 - £129,999	0	1	0	1
£120,000 - £124,999	1	1	0	1
£115,000 - £119,999	0	1	1	0
£110,000 - £114,999	0	3	1	3
£105,000 - £109,999	1	5	0	2
£100,000 - £104,999	3	0	1	4
£95,000 - £99,999	1	2	2	4
£90,000 - £94,999	2	1	3	1
£85,000 - £89,999	3	7	2	1
£80,000 - £84,999	2	7	7	4
£75,000 - £79,999	6	19	7	19
£70,000 - £74,999	10	10	6	12
£65,000 - £69,999	15	20	22	14
£60,000 - £64,999	27	32	26	30
£55,000 - £59,999	41	22	44	29
£50,000 - £54,999	58	79	66	83

The table above includes the members of the Executive Leadership Team listed on the following page.

29. OFFICERS' REMUNERATION (continued)

Executive Leadership Team *	Nathan Elvery Chief Executive £	Hannah Miller ** Deputy Chief Executive and Executive Director Adult Services, Health and Housing £	Paul Greenhalgh Executive Director, People £	Jo Negrini Executive Director, Place £	Dr Mike Robinson *** Director of Public Health £	Rachel Flowers **** Director of Public Health £	Richard Simpson Assistant Chief Executive, Corporate Resources and Section 151 Officer £	Graham Cadle * Assistant Chief Executive, Customer and Transformation £	Julie Belvir ***** Director of Democratic Legal Services & Monitoring Officer £	Heather Daley Director of Human Resources £
2015/16										
Basic Salary and allowances	189,445		150,000	150,000	51,884	11,897	125,000	120,000	111,725	105,000
Redundancy	0		0	0	0	0	0	0	48,754	0
Total Remuneration excluding Pension Contributions	**189,445**		**150,000**	**150,000**	**51,884**	**11,897**	**125,000**	**120,000**	**160,479**	**105,000**
Employer's Pension Contributions	25,380		21,150	21,150	0	1,677	17,625	16,920	14,979	14,805
Total Remuneration including Pension Contributions	**214,825**		**171,150**	**171,150**	**51,884**	**13,574**	**142,625**	**136,920**	**175,457**	**119,805**
2014/15										
Basic Salary and allowances	198,874	130,404	139,551	141,667	151,328	0	120,404		110,108	100,166
Redundancy	0	48,265	0	0	0	0	0		0	0
Total Remuneration excluding Pension Contributions	**198,874**	**178,669**	**139,551**	**141,667**	**151,328**	**0**	**120,404**		**110,108**	**100,166**
Employer's Pension Contributions	23,580	0	18,259	18,558	18,517	0	15,773		14,424	12,925
Total Remuneration including Pension Contributions	**222,454**	**178,669**	**157,811**	**160,225**	**169,846**	**0**	**136,177**		**124,532**	**113,091**

* The Council's Executive Leadership Team replaced the Corporate Management Team at the start of 2015/16. It now includes two Assistant Chief Executive positions, one of which is held by Graham Cadle, who was not part of the former Corporate Management Team in 2014/15

** Hannah Miller left the Council on 31 December 2014

*** Dr Mike Robinson left the Council on 13 November 2015

**** Rachel Flowers joined the Council on 22 January 2016

***** Julie Belvir left the Council on 29 February 2016

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

2015/16	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 £
£200,000 - £249,998	2	0	2	431,570	0	431,570
£150,000 - £199,999	0	1	1	0	186,557	186,557
£100,000 - £149,999	2	2	4	242,087	259,545	501,632
£80,000 - £99,999	2	0	2	164,370	0	164,370
£60,000 - £79,999	0	7	7	0	496,570	496,570
£40,000 - £59,999	3	7	10	171,949	336,261	508,210
£20,000 - £39,999	6	24	30	180,081	680,758	860,839
£0 - £19,999	42	69	111	292,829	540,720	833,549
Total	57	110	167	1,482,886	2,500,411	3,983,298

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 £
£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 2014-15, bands were amalgamated to prevent individuals from being identified.

30. EXTERNAL AUDIT COSTS

	2015/16 £000	2014/15 £000
Other fees	45	16
Audit Commission fees payable:		
Rebate	0	(23)
Fees payable for other services - National Fraud Initiative	0	4
Grant Thornton fees payable:		
Audit of annual accounts	173	262
Certification of grant claims	48	34
Audit of 13/14 annual accounts - additional fee	29	
Total External Audit Costs	295	293

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 2015/16 are as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total DSG 2015/16 £000
Final DSG for 2015/16 before academy recoupment			311,807
Academy figure recouped for 2015/16			(126,790)
Total DSG after academy recoupment for 2015/16			185,017
Plus: Brought forward from 2015/16			6,331
Less: Carry-forward to 2016/17 agreed in advance			0
Agreed initial budget distribution in 2015/16	17,477	173,871	191,348
In year adjustments			0
Final budget distribution for 2015/16	17,477	173,871	191,348
Less: actual central expenditure	(16,547)		(16,547)
Less: actual ISB deployed to schools		(170,963)	(170,963)
Carry-forward to 2016/17	931	2,908	3,838

32. GRANT INCOME

This note sets out the grants and contributions the Authority credited to the Comprehensive Income and Expenditure Statement. It includes the funding body, and a description of how the grant was used:

	2015/16 £000	2014/15 £000
Credited to Taxation and Non-Specific Grant Income		
Council Tax Income	141,821	134,193
Revenue Support Grant	61,367	80,505
National Non-Domestic Rates (NNDR)	59,289	64,370
Recognised Capital Grants and Contributions	13,601	23,539
Non-service Related Government Grants (page 63)	21,397	22,463
	297,475	325,070
Taxation and Non-Specific Grants Credited to Services		
Home Office - contribution towards Unaccompanied Asylum Seeking Children costs	18,725	17,239
Communities and Local Government - includes Growth Zone, Troubled Families, Care Act	12,122	1,662
Department for Education - Dedicated Schools Grant	185,017	189,261
Department for Education - includes SEN reform grant and leaving care support	1,474	2,550
Department of Health - Public Health Grant	20,285	19,129
Department for Work and Pensions - funding for welfare reform and reducing fraud and error	1,284	830
Home Office - Leaving Care support	2,635	3,345
Education Funding Agency - Sixth Form Funding	5,861	4,856
Private Finance Initiative (PFI) - contribution from Central Government towards PFI costs	8,509	8,509
Education Funding Agency - Pupil Premium Grant	12,601	11,553
Skills Funding Agency - Adult Education	4,370	5,865
Transport for London	0	735
Education Funding Agency - Universal Infant Free School Meals	0	1,776
Youth Justice Board - Youth Offending Services	0	843
Other Grants	1,310	422
Sub Total - Service Grants and Contributions	274,193	268,575
Total Grants Income	571,668	593,645

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:

	2015/16 £000	2014/15 £000
Capital Grants Receipts in Advance		
Department for Education - Targeted Basic Needs for School Places	15,856	22,301
Department for Education - Basic Needs funding for School Places	13,048	10,126
Section 106 allocated receipts in advance	3,308	2,504
Department for Transport - Local Pinch Point Funding to improve the highways network	1,800	1,800
Department for Education - Schools capital maintenance	1,420	0
Transport for London - Local Implementation Plan	1,229	1,706
Department of Health - Adult Social Care	769	769
Heritgate Lottery Fund - Wandle Park	844	414
Department for Education - Universal Free School Meals	182	182
Department for Education - Childrens Centres and Early Years	132	132
Homes & Communities Agency - Council New Build Funding	540	0
Public Health - Food Flagship Programme	780	0
Other grants and contributions	130	256
Total	40,038	40,190

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 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 Brick by Brick and Octavo Schools Partnership:
Further information regarding CCURV LLP, Croydon Care Solutions Ltd, Brick by Brick Ltd and Octavo Schools Partnership 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 Executive Leadership Team were issued with standard letters any potential related party transactions.

The note below has been prepared on a cash basis using the Council's payments system, as it is believed that any accruals are not of a material value. The amounts in the note below represent sums paid by the Council to the 3rd party. 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 2015/16	2015/16 £'000	2014/15 £'000
Academy Schools Wolsey Junior Academy Byron Oasis Academy John Ruskin College Quest Academy Oasis Academy Coulsdon Applegarth Academy	Cllr Carole Bonner - Governor Cllr Jason Perry - Governor Cllr Helen Pollard - Governor Cllr Andy Stranack - Governor Cllr Christoper Wright - Governor Cllr Simon Hall - Partner is a governor	Croydon Council is responsible for passing on various funding streams to Acadamies which are regulated by the Schools funding formula. The council also sells support services to various academies which include utilities and other services.	1,486	2,476
Croydon Care Solutions	Lisa Taylor - Director Pratima Solanki - Director Sarah Ireland - Director Rachel Soni -Director	Croydon Care Solutions Ltd is a wholly owned Local Authority Trading Company (LATC) which provides adult social care services. The payments shown include Council purchases relating to Daycare Opportunities and equipment services, as well as income received by Croydon Council on behalf of CSS for sales to other Local Authorities.	14,717	14,683
Octavo Partnership Ltd	Paul Greenhalgh - Director Richard Simpson - Director	Transfer of education funding for the delivery of specific projects, as well as purchase of schools services and consultancy.	2,251	0
Fairfield (Services) Ltd	Cllr Emily Benn Cllr Lynne Hale - Member Cllr Dudley Mead - Director	Payment of grant funding, hire of premises and facilities use.	147	802

33. RELATED PARTY TRANSACTIONS CONTINUED

Organisation	Related Party	Related Party Transaction	2015/16 £'000	2014/15 £ '000
The Learning Tree Pre School	Cllr Carole Bonner 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	234	112
Fairfield (Croydon) Ltd	Cllr Dudley Mead - Director (until July 2015)	Transfer of funding to facilitate capital works at the Fairfield Halls venue	811	802
Croydon, Sutton, Merton Credit Union	Mark Fowler - board member Graham Cadle - board member Cllr Mark Waton - board member	Commerical loan made to CSMCU to ensure they remain sufficiently capitalised. (£100k) and contribution of funding to enable the Credit Union to review their business model and processes (£15k)	120	0
Croydon Drop In Centre	Cllr Oliver Lewis - unpaid Director	Purchase of services from this charity by the Council, including the talkbus outreach service, funding healthy lifestyles and councilling services	118	107

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:

	2015/16 £000	2014/15 £000
Receipts		
Pension Contributions - from the Council (employer's contributions)	29,847	26,996
Pension Contributions - from employees (deductions paid over)	7,861	7,862
Total Receipts	37,708	34,858

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	2015/16 Total £000	2014/15 Total £000
EXPENDITURE:				
Property, Plant and Equipment	27,592	27,791	55,383	79,555
Property, Plant and Equipment - PFI	18,038	0	18,038	13,993
Investment properties	0	0	0	0
Revenue expenditure funded from capital under statute	63,811	5,760	69,571	56,250
Intangible assets	78	67	145	2,641
	109,519	33,618	143,137	152,439
FINANCED BY:				
Borrowing approvals	32,330	0	32,330	42,295
PFI assets delivered by contractor (repaid through unitary charge)	18,038	0	18,038	13,993
Capital receipts	5,704	0	5,704	2,982
Government grants and other contributions	53,447	0	53,447	62,818
Direct revenue contributions	0	10,186	10,186	13,368
Direct revenue contributions financed from reserves	0	6,449	6,449	0
Major Repairs Reserve	0	16,983	16,983	16,983
	109,519	33,618	143,137	152,439

EXPLANATION OF MOVEMENTS IN YEAR:	General Fund £000	Housing Revenue Account £000	2015/16 Total £000	2014/15 Total £000
Opening Capital Financing Requirement	521,492	322,497	843,989	773,459
Increase in underlying need to borrow (unsupported by Government financial assistance)	32,330	0	32,330	42,295
MRP / Loans fund principal	(5,606)	0	(5,606)	(12,015)
Property Fund Investment (unsupported by government financial assistance)	10,000	0	10,000	20,000
Closing Capital Financing Requirement	558,216	322,497	880,713	823,739

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 both operating leases and finance leases where the Council is the lessee and lessor 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.

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 three 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 to the users and 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 2015-16 the payment to Caring 4 Croydon was £4.375m comprising £3.046m Annual Unitary Payment (AUP) and £1.329m lease payments; PFI credits of £2,869m 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 incorporates an eight form entry (1,200 capacity) secondary school (Oasis Academy Shirley Park) 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 £59m over the remaining 18 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 2015/16 the Annual Unitary Payment to Skanska-Laing was £9.5m; 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**	**Street Lighting £000**	**2015/16 Total £000**	**2014/15 Total £000**
Net book value as at 31 March 2015	21,937	23,703	24,523	70,163	47,814
Gross book value as at 31 March 2015	21,937	23,703	25,654	71,294	67,540
Additions	0	0	18,038	18,038	13,993
Derecognition - PFI completed					(14,141)
Revaluation	644	(218)	0	426	3,902
Gross book value as at 31 March 2016	22,581	23,485	43,692	89,758	71,294
Depreciation as at 1 April 2015	-	-	(1,131)	(1,131)	(19,725)
Depreciation for year	487	795	(943)	339	(1,420)
Deprecation written out after revaluation	(487)	(795)	0	(1,282)	5,873
Deprecation derecognition - PFI completion					14,141
Net book value as at 31 March 2016	22,581	23,485	41,618	87,684	70,163

Value of Liabilities	**Ashburton Learning Village £000**	**Adult Homes For The Future £000**	**Street Lighting £000**	**2015/16 Total £000**	**2014/15 Total £000**
Creditors as at 31 March 2015	(15,776)	(22,066)	(21,019)	(58,861)	(47,061)
"Drawdown" at start of operational period			(18,038)	(18,038)	(13,993)
Capital repayment	411	405	395	1,211	2,193
Lump sum contribution	0	0	0	0	0
Creditors as at 31 March 2016	(15,365)	(21,661)	(38,662)	(75,688)	(58,861)

36. PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS (continued)

Repayment of Liabilities	**Ashburton Learning Village £000**	**Adult Homes For The Future £000**	**Street Lighting £000**	**2015/16 Total £000**	**2014/15 Total £000**
Within one year	456	483	629	1,569	1,291
Within two to five years	2,082	2,242	4,470	8,794	7,922
Within six to ten years	3,293	3,651	8,221	15,165	14,111
Within 11 to 15 years	4,273	4,891	12,586	21,750	20,219
Within 16 to 20 years	5,237	6,552	19,277	31,067	29,134
Within 21 to 25 years	-	3,790	1,612	5,402	12,334
Within 26 to 30 years		0		0	0
Total	15,342	21,610	46,796	83,748	85,011

Interest Payments	**Ashburton Learning Village £000**	**Adult Homes For The Future £000**	**Street Lighting £000**	**2015/16 Total £000**	**2014/15 Total £000**
Within 1 year	820	1,302	4,161	6,283	5,617
Within 2 to 5 years	3,024	4,897	15,867	23,788	24,367
Within 6 to 10 years	3,089	5,273	17,201	25,563	26,717
Within 11 to 15 years	2,109	4,033	12,836	18,978	20,508
Within 16 to 20 years	826	2,371	6,152	9,348	11,594
Within 21 to 25 years	-	374	48	422	1,324
Within 26 to 30 years		0		0	0
Total	9,867	18,250	56,265	84,381	90,127

Service Charge Payments	**Ashburton Learning Village £000**	**Adult Homes For The Future £000**	**Street Lighting £000**	**2015/16 Total £000**	**2014/15 Total £000**
Within 1 year	833	1,678	1,710	4,221	4,733
Within 2 to 5 years	3,652	7,245	6,044	16,941	16,715
Within 6 to 10 years	5,345	10,362	8,834	24,541	23,757
Within 11 to 15 years	6,318	11,989	10,506	28,814	27,910
Within 16 to 20 years	7,025	13,831	12,484	33,339	32,703
Within 21 to 25 years	-	7,162	1,010	8,172	14,943
Within 26 to 30 years		0		0	0
Total	23,173	52,267	40,587	116,027	120,761

Lifecycle Payments	**Ashburton Learning Village £000**	**Adult Homes For The Future £000**	**Street Lighting £000**	**2015/16 Total £000**	**2014/15 Total £000**
Within 1 year	411	405	0	816	816
Within 2 to 5 years	1,643	1,621	0	3,264	3,264
Within 6 to 10 years	2,054	2,026	0	4,080	4,080
Within 11 to 15 years	2,054	2,026	0	4,080	4,080
Within 16 to 20 years	1,951	2,026	0	3,977	4,080
Within 21 to 25 years	-	945	0	945	1,659
Within 26 to 30 years		0	0	0	0
Total	8,113	9,048	0	17,162	17,979

Contingent Rent	**Ashburton Learning Village £000**	**Adult Homes For The Future £000**	**Street Lighting £000**	**2015/16 Total £000**	**2014/15 Total £000**
Within 1 year	0	0	19	19	(35)
Within 2 to 5 years	0	0	371	371	331
Within 6 to 10 years	0	0	562	562	611
Within 11 to 15 years	0	0	484	484	579
Within 16 to 20 years	0	0	168	168	313
Within 21 to 25 years	0	0	(62)	(62)	(46)
Within 26 to 30 years	0	0		0	0
Total	0	0	1,542	1,542	1,753

37. IMPAIRMENT LOSSES

There were no impairments to assets in 2015/16 (£nil in 2014/15).

38. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The following items have been identified in accordance with accounting policy 1.14:

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.

Schools Expansion Programme - potential claims from contractors

Additional costs are being sought from the council in relation to asbestos removal. The Council does not accept liability for these costs, and exact details have yet to be received by the contractor.

Schools New Build Programme - potential claims from contractors

Additional costs are being sought by a contractor upon termination of the contract. Discussions have not yet reached a formal stage.

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 2015/16 which incorporates the prudential indicators was approved by Council on 23 February 2015 and is available on the Council's website. The key issues within the strategy were:

1. The Authorised Borrowing Limit for 2015/16 was set at £1,025.3 m. This is the maximum limit of external borrowings or other long term liabilities.
2. The Operational Boundary was set at £985.3 m. 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 £985.3 m and £40 m 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

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 2016 £000	Historical Experience of Default %	Estimated Maximum Exposure to Default £000
Deposits with banks and other financial institutions	121,125	Nil	0
Bonds and other securities	0	Nil	0
Customers	0	Nil	0
Total	121,125	Nil	0

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

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.

The sum owing of £121.125m has been invested in the banking sector and with other local authorities, and is due to be repaid in less than one year.

Refinancing and Maturity Risk

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

	At 31 March 2016 £000	At 31 March 2015 £000
Loans outstanding:		
PWLB	594,926	574,926
Market debt / LOBOs	206,320	185,575
Temporary borrowing	0	0
Local bonds	0	0
Deferred purchases	0	0
Other	338	338
Total	801,584	760,839
Less than 1 year	72,523	65,023
Between 1 and 2 years	46,000	12,500
Between 2 and 5 years	71,000	126,500
Between 5 and 10 years	40,575	48,575
More than 10 years	571,486	508,241
Total	801,584	760,839

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.

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.

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

According to this assessment strategy, at 31 March 2016, if interest rates had been 1% higher, the financial effect would be:

	At 31 March 2016 £000	At 31 March 2015 £000
Increase in interest payable on variable rate borrowings	725	650
Increase in interest receivable on variable rate investments	(1,211)	(1,010)
Increase in Government grant receivable for financing costs	0	0
Impact on Comprehensive Income and Expenditure Statement	(486)	(360)
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	(121,897)	(132,776)
Impact on CI&E Statement or Movement in Reserves Statement	(121,897)	(132,776)

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

The Council has four non material interests in other organisations:

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.

Croydon Council owns a 100% stake in the new development company Brick by Brick Ltd, which has been established to deliver housing across a number of Council owned sites in the Borough.

Croydon Council holds 40% of control of the board of Octavo Partnership Ltd, which was created to deliver School Improvemen Improvement services across the Borough of Croydon and beyond, and sells discretionary support services to schools directly whilst delivering statutory services on behalf of Croydon Council.

The Council reviewed its group activities during 2015/16, including 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 22 September 2016 by Richard Simpson, Assistant Chief Executive (Corporate 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 2015/16, the Council paid £ 9.003m (2014/15: £8.9m) to Capita Teachers' Pensions in respect of teachers' retirement benefits, representing 15.4 % (2014/15: 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

- 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 2015/16 was £29.3m at a normal contribution rate of 14.1% and deficit lump sum of £11.594m (£26.5m in 2014/15 at a normal contribution rate of 13.1% and deficit lump sum of £11,594k). This methodology replaced a historic charge of 23.2% that encorporated both the employer and deficit contribition amounts. The IAS19 determined charge to the General Fund, the amount exclusive of any appropriations to and from the Pensions Reserve, is £ 33.3m in 2015/16 (£28.8m in 2014/15).

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 2016**	**31 March 2015**
Financial assumptions		
Rate of increase in salaries *	3.10%	3.00%
Rate of increase of pensions	2.10%	2.10%
Discount rate	3.40%	3.10%
Split of assets between investment categories		
Equities	50.00%	37.00%
Debt Securities	0.00%	22.00%
Private Equity	6.00%	5.00%
Real Estate	11.00%	10.00%
Investment Funds and Unit Trusts	32.00%	25.00%
Cash / Liquidity	1.00%	1.00%
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	
Market value of total funds (£ millions)	875 as at 31 Mar 2016	851 as at 31 Mar 2015

* Salary increases are assumed to be 1% until 31 March 2016 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 2016			31 March 2015		
	Assets £000	Obligations £000	Net (Liability) /Asset £000	Assets £000	Obligations £000	Net (Liability) /Asset £000
Fair value of employer assets	716,110		716,110	628,335		628,335
Present value of funded liabilities		1,262,547	(1,262,547)		1,130,076	(1,130,076)
Present value of unfunded liabilities		10,188	(10,188)		10,699	(10,699)
Opening Position as at 31 March 2014 and 31 March 2013	**716,110**	**1,272,735**	**(556,625)**	**628,335**	**1,140,775**	**(512,440)**
Service cost:						
Current service cost *		33,354	(33,354)		28,845	(28,845)
Past service cost (including curtailments)		1,211	(1,211)		537	(537)
Effect of settlements	(54)	(5,986)	5,932	(186)	(9,372)	9,186
Total Service Cost	**(54)**	**28,579**	**(28,633)**	**(186)**	**20,010**	**(20,196)**
Net interest:						
Interest income on plan assets	22,155		22,155	25,591		25,591
Interest cost on defined benefit obligation		39,381	(39,381)		46,300	(46,300)
Impact of asset ceiling on net interest						0
Total Net Interest	**22,155**	**39,381**	**(17,226)**	**25,591**	**46,300**	**(20,709)**
Total Defined Benefit Cost Recognised in Profit or (Loss)	**22,101**	**67,960**	**(45,859)**	**25,405**	**66,310**	**(40,905)**
Cashflows:						
Plan participants' contributions	7,840	7,840	0	7,948	7,948	0
Employer contributions	29,259		29,259	26,486		26,486
Contributions in respect of unfunded benefits	716		716	715		715
Benefits paid	(39,925)	(39,925)	0	(41,940)	(41,940)	0
Unfunded benefits paid	(716)	(716)	0	(715)	(715)	0
Expected Closing Position	**735,385**	**1,307,894**	**(572,509)**	**646,234**	**1,172,378**	**(526,144)**
Remeasurements:						
Changes in demographic assumptions						0
Changes in financial assumptions		(64,033)	64,033		111,111	(111,111)
Other experience		(16,379)	16,379		(10,754)	10,754
Return on assets excluding amounts	(1,315)		(1,315)			
included in net interest			0	69,873		69,873
Changes in asset ceiling			0			0
Total remeasurements recognised in Other Comprehensive Income (OCI)	**(1,315)**	**(80,412)**	**79,097**	**69,873**	**100,357**	**(30,484)**
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	734,070		734,070	716,110		716,110
Present value of funded liabilities		1,217,902	(1,217,902)		1,262,547	(1,262,547)
Present value of unfunded liabilities **		9,580	(9,580)		10,188	(10,188)
Closing Position as at 31 March 2015 and 31 March 2014	**734,070**	**1,227,482**	**(493,412)**	**716,110**	**1,272,735**	**(556,625)**

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

** (31 March 2016) This liability comprises of approximately £8,948,000 in respect of LGPS unfunded pensions and £632,000 in respect of Teachers' unfunded pensions. For unfunded liabilities as at 31 March 2016, 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 the previous page shows an decrease in the funding level; the net liability has decreased from £556 million to £493 million. The principle driver for this movement is the increase 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 2016				Period Ended 31 March 2015			
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	45,401		45,401	6.2	51,233		51,233	7.2
Manufacturing	35,281		35,281	4.8	75,361		75,361	10.5
Energy and Utilities	21,673		21,673	3.0	20,268		20,268	2.8
Financial Institutions	83,091		83,091	11.3	53,132		53,132	7.4
Health and Care	63,184		63,184	8.6	8,541		8,541	1.2
Information Technology	71,114		71,114	9.7	53,226		53,226	7.4
Other	43,436		43,436	5.9	7,739		7,739	1.1
Debt Securities:								
Other				----	155,004		155,004	21.6
Private Equity:								
All		45,198	45,198	6.2		36,022	36,022	5.0
Real Estate:								
UK Property		78,105	78,105	10.6	62,095		62,095	8.7
Overseas Property				----	6,097		6,097	.9
Investment Funds and Unit Trusts:								
Equities	63,812		63,812	8.7	126,827		126,827	17.7
Bonds	149,230		149,230	20.33	0		0	0
Hedge Funds				----	27,778		27,778	3.9
Commodities				0			0	0
Infrastructure		27,906	27,906	3.8		24,022	24,022	3.4
Other				0			0	0
Equivalents:								
All	6,640		6,640	.9	8,765		8,765	1.2
Totals	**582,862**	**151,209**	**734,071**	**100**	**656,066**	**60,044**	**716,110**	**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 2016 £000	31 March 2015 £000	31 March 2014 £000	31 March 2013 £000	31 March 2012 £000
Present value of benefit obligations	(1,227,482)	(1,272,735)	(1,140,775)	(1,200,316)	(1,054,168)
Fair value of Fund assets	734,070	716,110	628,335	666,396	613,401
Surplus / (Deficit) of the Fund	(493,412)	(556,625)	(512,440)	(533,920)	(440,767)
Experience adjustments on Fund liabilities	(80,412)	100,357	(87,322)	118,656	(53,007)
Expressed as a percentage	6.55%	(7.89%)	7.65%	(9.89%)	5.03%
Experience adjustments on Fund assets	(1,315)	69,873	(50,187)	34,152	(39,414)
Expressed as a percentage	(0.18%)	9.76%	(7.99%)	5.12%	(6.43%)

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.	2015/16 £000	2014/15 £000
Income			
Dwelling rents		(78,389)	(75,370)
Non-dwelling rents		(1,529)	(1,532)
Charges for services and facilities		(13,239)	(16,213)
Contributions towards expenditure		(70)	(121)
Capital grants and contributions receivable		-	-
Total Income		(93,227)	(93,236)
Expenditure			
Repairs and maintenance		12,167	11,424
Supervision and management		34,155	32,704
Rents, rates, taxes and other charges		3,423	1,540
Allowance for debtors		827	(30)
Depreciation of non-current assets		16,774	14,463
Impairment of non-current assets		0	0
Amortisation of intangible assets		34	26
Revenue expenditure funded from capital under statute		5,760	5,076
Total Expenditure		73,140	65,203
Net cost of HRA services as included in the whole-Authority Comprehensive Income and Expenditure Statement		(20,087)	(28,033)
HRA services share of Corporate and Democratic Core		-	489
HRA share of Pensions Reserve contributions not allocated to specific services	5	(451)	(840)
Net cost of HRA services		(20,538)	(28,384)
Gain or loss on sale of HRA non-current assets		(9,491)	(7,954)
Gain or loss on revaluation of non-current assets		-	0
Housing pooled capital receipt		2,067	1,841
Interest payable and similar charges		12,404	11,896
Interest and investment income		(48)	(44)
Pensions interest costs and expected return on pensions assets		1,646	2,012
Capital Grants & Contributions Receivable		-	(540)
(Surplus)/ deficit for the year on HRA services		(13,960)	(21,173)

THE MOVEMENT IN RESERVES 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.	2015/16 £000	2014/15 £000
HRA surplus balance brought forward		(15,267)	(10,810)
(Surplus)/deficit for the year on the HRA Comprehensive Income and Expenditure Statement		(13,960)	(21,173)
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	569	2,998
Amortisation of intangible assets		(34)	(26)
Impairment of non-current assets	2		0
Gain or loss on revaluation of non-current assets			0
Gain or loss on sale of HRA non-current assets		9,491	7,954
Capital Grants & Contributions Receivable		-	540
Revenue expenditure funded from capital under statute	3/4	(5,761)	(5,076)
Net charges made for retirement benefits in accordance with IAS19		(1,518)	(1,331)
		2,747	5,059
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	98
Capital expenditure funded by the Housing Revenue Account		16,635	13,368
Housing pooled capital receipt		(2,067)	(1,841)
		14,666	11,625
Contributions to/from reserves			
Short-Term Accumulating Compensated Absences (STACA)		(6)	32
Transfer to/from HRA Balances			0
		(6)	32
Net additional amounts		17,408	16,716
(Increase)/decrease in HRA balance for the year		3,449	(4,457)
HRA balance carried forward		(11,818)	(15,267)

NOTES TO THE HOUSING REVENUE ACCOUNT

1. NUMBER AND TYPE OF DWELLINGS IN THE HOUSING STOCK

Types of Property	2015/16	2014/15
Houses	5,323	5,334
Flats	8,470	8,524
Relocatable Homes	14	14
Total Dwellings	13,807	13,872

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

2015/16	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 2015	738,637	11,169	0	586	180	750,572
Gross book value as at 1 April 2015	990,371	11,185	195	660	180	1,002,591
Additions	27,791					27,791
Revaluation increase/(decrease) recognised in the Revaluation Reserve	67,446	82		110		67,638
Revaluation increase/(decrease) recognised in Income and Expenditure		67				67
Derecognition - Disposals	(7,919)					(7,919)
Transfers/Reclassifications						0
Gross book value as at 31 March 2015	1,077,689	11,334	195	770	180	1,090,168
Accumulated Depreciation and Impairment						
At 1 April 2015	251,734	16	195	74	0	252,019
Depreciation for year	16,414	346		14		16,774
Depreciation written out to the Revaluation Reserve	(16,283)	(344)		(88)		(16,715)
Depreciation written out to Income and Expenditure		(2)				(2)
Derecognition - Disposals	(2,144)					(2,144)
Transfers/Reclassifications						0
Accumulated Depreciation and Impairment at 31 March 2016	249,721	16	195	0	0	249,932
Net book value as at 31 March 2016	827,968	11,318	0	770	180	840,236

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 2015/16 the Major Repairs Allowance (MRA) for Croydon remained at £16.983m. The annual 2015/16 HRA depreciation charge was £16.774m, split between dwellings depreciation of £16.414m and non dwellings depreciation of £0.360m. 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 £.0569m - please see Note 3.

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

	31 March 2016	31 March 2015
Total Dwellings	13,807	13,872
Leaseholds	2,152	2,163
Garages	3,190	3,181
Parking Spaces	95	95
	19,244	19,311
	£M	**£M**
Vacant possession value of dwellings at 31 March 2016	£3,310	
Vacant possession value of dwellings at 31 March 2015	£2,952	£2,952
Vacant possession value of dwellings at 31 March 2014		£2,517

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 £2,952m x 25% = £739m as at 31 March 2015.

The valuation of council dwellings as at 31 March 2016 was undertaken by Kier (previously Mouchel). This led to an increase in the vacant possession value of £358m to £3,310m. The EUV-SH value was £3,310m x 25% = £828m as at 31 March 2016.

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

	2015/16 £000	2014/15 £000
Expenditure		
Non-current assets (buildings)	27,791	36,521
Revenue expenditure funded from capital under statute	5,760	5,076
Intangible assets	67	39
	33,618	41,636
Financed By		
Borrowing approvals	0	8,078
Capital receipts	0	2,667
Government grants and other contributions	0	540
Direct revenue contributions	10,186	13,368
- Direct revenue contributions financed from reserves	6,449	
Major Repairs Reserve	16,983	16,983
	33,618	41,636

Capital Receipts

	2015/16 £000	2014/15 £000
Balance brought forward	8,562	364
Mortgage repayments	18	6
Other capital receipts	0	0
Net surplus for year	18	6
Receipts from sales of assets during the year	15,265	12,700
Transfer to Housing Capital Receipts Pool	(2,067)	(1,841)
Balance of receipts after transfer	13,198	10,859
Balance on account before application of receipts	21,778	11,229
Financing of capital expenditure	0	(2,667)
Balance carried forward	21,778	8,562

Major Repairs Reserve	2015/16 £000	2014/15 £000
Opening balance as at 1 April	1,425	947
Depreciation charge to HRA	16,775	14,463
Capital expenditure during the year	(16,983)	(16,983)
Other reserve adjustments	569	2,998
Closing balance as at 31 March	1,786	1,425

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

	2015/16		2014/15	
	Debtors	Allowance for Doubtful Debt	Debtors	Allowance for Doubtful Debt
	£000	£000	£000	£000
Housing Revenue Account rents	6,172	(4,567)	5,483	(4,053)
Housing Revenue Account lease holder service charges/major works	5,684	(164)	5,762	(164)
Housing Revenue Account other debtors	31	0	24	0
	11,887	(4,731)	11,269	(4,217)

COLLECTION FUND

INCOME AND EXPENDITURE ACCOUNT

	Note No.	2015/16 Business Rates £000	2015/16 Council Tax £000	2015/16 Total £000	2014/15 Total £000
INCOME DUE					
Council Tax-payers	2	-	178,230	178,230	173,893
Business Rates	1(a)	110,153	-	110,153	112,273
Crossrail Business Rate Supplement	1(b)	3,287	-	3,287	3,674
Total Income		113,440	178,230	291,670	289,840
EXPENDITURE					
Charges to the Collection Fund:					
- Changes in Provision for Bad and Doubtful Debts		111	(734)	(623)	(4,267)
- Write-offs of Bad Debt		2,142	1,432	3,574	10,761
- Changes in Provision for Appeals		19,700	-	19,700	1,004
- Cost of Collection		428	-	428	438
- Cost of Collection - Crossrail		11		11	14
		22,392	698	23,090	7,950
Total Income less Charges		91,048	177,532	268,580	281,890
Precepts, Demands and Shares:	3				
- London Borough of Croydon		34,469	133,413	167,882	162,846
- Greater London Authority (GLA)		22,979	33,598	56,577	55,071
- Communities and Local Government (CLG)		57,448	-	57,448	55,159
- Communities and Local Government (Crossrail)	1(b)	3,276	-	3,276	3,661
National Non-Domestic Rates	1(a)				
(Surplus)/Deficit for year		27,124	(10,521)	16,603	(5,153)
Distribution of Previous Year's Collection Fund Surplus:					
- London Borough of Croydon		(3,473)	9,482	6,009	3,436
- Greater London Authority (GLA)		(2,316)	2,421	105	931
- Communities and Local Government (CLG)		(5,789)	-	(5,789)	167
Total Distribution of Previous Year's Collection Fund Surplus		(11,578)	11,903	325	4,534
Movement of Collection Fund in the Year		15,546	1,382	16,928	(619)
Balance brought forward (surplus)/deficit		11,338	(14,523)	(3,185)	(2,566)
Balance carried forward (surplus)/deficit		26,884	(13,141)	13,743	(3,185)
Allocation of surplus					
Surplus declared in the January Delegation report to be distributed in the following year:					
- LB Croydon		5,484	(9,232)	(3,748)	(6,008)
- GLA		3,656	(2,357)	1,299	(105)
- CLG		9,141	-	9,141	5,789
Fund balance and deficit carried forward:					
- LB Croydon		2,582	(1,240)	1,342	(2,159)
- GLA		1,720	(312)	1,408	(581)
- CLG		4,301	-	4,301	(121)
		26,884	(13,141)	13,743	(3,185)

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 2016 was £277,153,124 (£287,233,627 at 31 March 2015). The multiplier for 2015/16 was set at 49.3p (48.2p for 2014/15) and the multiplier for small businesses was set at 48.0p (47.1p for 2014/15).

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, £1,466.39 for 2015/16 (£1,470.39 for 2014/15) 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 2015/16

Valuation Band	Number of Chargeable Dwellings	Band D Proportion	Band D Equivalent Dwellings	Council Tax £.pp	Council Tax Income £000
Band A	1,546	6/9	1,031	977.59	1,511
Band B	12,043	7/9	9,367	1,140.53	13,735
Band C	32,203	8/9	28,625	1,303.46	41,975
Band D	29,293	1	29,293	1,466.39	42,955
Band E	18,448	11/9	22,547	1,792.25	33,063
Band F	10,306	13/9	14,887	2,118.12	21,829
Band G	6,731	15/9	11,218	2,443.98	16,450
Band H	405	18/9	810	2,932.78	1,188
Total			117,778		172,706
Multiplied by estimated collection rate			97%		
Number of Band D equivalent dwellings			113,891		
Total of Demands/Precepts for year			178,915		
Adjustments during the year (including prior years)					5,524
Final collectable amount					178,230
Income per Collection Fund:					
Council Tax collectable					178,230
Council Tax benefits					-
Final collectable amount					178,230

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.

	2015/16 £.pp	2014/15 £.pp
Band D equivalent Council Tax charge	1,466.39	1,470.39
Split thereof:		
Croydon	1,171.39	1,171.39
Greater London Authority	295.00	299.00
Total	1,466.39	1,470.39
Payment to Croydon		
Share of Band D equivalent Council Tax charge	1,171.39	1,171.39
Number of Band D equivalent dwellings	113,893	110,393
Total	133,413,121.27	129,313,256.27
Rounded to £000's	133,413	129,313
Payment to the Greater London Authority		
Share of Band D equivalent Council Tax charge	295.00	299.00
Number of Band D equivalent dwellings	113,893	110,393
Total	33,598,435.00	33,007,507.00
Rounded to £000's	33,598	33,008

Pension Fund Accounts 2015/16

22September 2016

CROYDON
www.croydon.gov.uk

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

We have audited the pension fund financial statements of London Borough of Croydon (the "Authority") for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014 (the "Act"). 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 2015/16.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Act and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. 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 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 2015/16, which 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 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 Section 151 Officer); and the overall presentation of the pension fund financial statements. In addition, we read all the financial and non-financial information in the Authority's Statement of Accounts Narrative Statement 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:

- ► present a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2016 and of the amount and disposition at that date of the fund's assets and liabilities; and
- ► have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and applicable law.

Opinion on other matters

In our opinion, the other information published together with the audited pension fund financial statements in the Authority's Statement of Accounts is consistent with the audited pension fund financial statements.

Elizabeth Jackson

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

Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

29 September 2016

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 Care Solutions, Croydon Community Mediation, Croydon Voluntary Action, Eldon Housing Association, EM Highway Services Ltd, Fairfield (Croydon) Ltd, Fusion, Ground Control, Impact Group Ltd, Interserve, Keyring, London Hire Services Ltd, Mayday Travel Ltd, Octavo, Olympic (South) Ltd, Quadron Services, Roman Catholic Archdiocese of Southwark, Ruskin Private Hire, Skanska Construction, Sodexo Ltd, South London Waste Partnership Ltd, Turning Point, Veolia Environmental Services (UK) Ltd, Vinci Facilities, Wallington Cars and Couriers, Westgate Cleaning.

Scheduled:
Meridan (Addington) High Academy, Aerodrome Primary Academy, Applegarth Academy, The Archbishop Lanfranc School ARK Oval Primary Academy, Atwood Primary School, Beulah Infants School, Broadmead Prmary School Castle Hill Academy, Chipstead Valley Primary School, Coulsdon College, Crescent Primary Academy, Croydon College, David Livingstone Academy, Edenham High School, Fairchildes Primary School, Forest Academy, Gonville Academy, Good Shepherd Catholic Primary, Harris Academy (Purley), Harris Academy (South Norwood), Harris Academy (Upper Norwood), Harris City Academy (Crystal Palace), Harris Primary Academy (Benson), Harris Primary Academy (Kenley) Harris Invictus Academy Croydon, Harris Primary Academy Haling Park, Heathfield Academy, John Ruskin College, New Valley Primary, Norbury Manor Business and Enterprise College for Girls, Oasis Academy Byron, Oasis Academy Arena, Oasis Academy Coulsdon,Oasis Academy Ryelands, Oasis Academy Shirley Park, Pegasus Academy, Quest Academy, Riddlesdown Collegiate, Robert Fitzroy Academy, Rowdown Prmary School, Shirley High School Performing Arts College, South Norwood Academy,St Cyprian's Greek Orthodox Primary School Academy, St James the Great RC Primary and Nursery School, St Joseph's College, St Mark's COE Primary School, St Mary's Infants School, St Mary's Junior School, St Thomas Becket Catholic Primary School, Winterbourne Junior Boys, West Thornton Primary Academy, Wolsey Junior Academy, Paxton 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	2015/16 £'000	2014/15 £'000
Dealings with members, employers and others directly involved in the fund			
Contributions	8	52,518	49,593
Individual Transfers in from Other Pension Funds		1,429	2,768
		53,947	**52,361**
Benefits			
Pensions	9	39,792	37,511
Commutation, Lump Sum Retirement and Death Benefits	9	10,326	8,689
Payments to and on Account of Leavers			
Individual Transfers Out to Other Pension Funds		1,727	2,139
Refunds to Members Leaving Service		127	62
		51,972	**48,401**
Net additions from dealings with members		**1,975**	**3,960**
Management Expenses	10	**3,031**	**4,478**
RETURNS ON INVESTMENTS			
Investment Income	11	14,460	9,150
Taxes on Income (Irrecoverable Withholding Tax)	11	(648)	(292)
		13,812	**8,858**
Profit and loss on disposal of investments and changes in the market value of investments	13	**3,671**	**110,372**
Net returns on investments		**17,483**	**119,230**
Net increase in the Fund during the year		**16,427**	**118,712**
Net assets at the start of the year		860,599	741,887
Net assets at the end of the year		**877,026**	**860,599**

PENSION FUND ACCOUNTS - NET ASSETS STATEMENT

NET ASSETS STATEMENT	Notes	31 March 2016 £'000	31 March 2015 £'000
Investments held by the Fund Managers:			
Global equities - segregated funds	13	435,188	430,301
Global equities - pooled funds	13	61,962	50,438
Private equity	13	59,534	45,248
Infrastructure	13	43,373	29,485
Fixed Interest	13	179,915	178,717
Hedge funds	13	-	32,398
Property	13	92,431	77,346
Derivatives	13	74	36
Total Investments held by the Fund Managers		872,477	843,969
Other Balances held by the Fund Managers			
Cash held by the Fund Managers	13	4,310	10,118
Investment income due	13	2,295	1,205
Amounts receivable for sales	13	-	-
Amounts payable for purchases	13	(794)	(39)
Total Other Balances held by the Fund Managers		5,811	11,284
Total Assets held by the Fund Managers		878,288	855,253
Current Assets	17	6,986	12,533
Current Liabilities	18	(8,248)	(7,187)
Net Assets of the fund available to fund benefits		**877,026**	**860,599**

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 2015/16 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.

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).

NOTES TO THE PENSION FUND ACCOUNTS

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% decrease in the discount rate assumption would result in an increase in the pension liablity of £145m. A 0.5% increase in the salary increase assumption would result in a £39m increase in the pension liability. A 0.5% increase in the pension increase assumption would result in a £104m increase and a 1 year increase in the life expectancy would result in a £44m increase to the pension liability.

NOTES TO THE PENSION FUND ACCOUNTS

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 next triennial valuation is due effective 31 March 2016.

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)**	
	2015/16 % of pay	2016/17 % of pay	2015/16 £'000	2016/17 £'000
London Borough of Croydon and Grouped Scheduled Bodies				
London Borough of Croydon	14.1	15.1	11,594	11,594
Croydon College	14.1	15.1	393	393
Coulsdon College	14.1	15.1	84	84
John Ruskin College	14.1	15.1	55	55
Fairfield (Croydon) Ltd	14.1	15.1	22	22
Croydon Care Solutions	14.1	15.1	201	201
Other Grouped Bodies				
Croydon Voluntary Action	20.4	20.4	73	76
Cabrini Children's Society	20.4	20.4	239	247
Croydon Citizens Advice Bureau	20.4	20.4	6	6
Croydon Community Mediation	20.4	20.4	2	2
Creative Environmental Networks	20.4	20.4	4	5
BRIT School	17.9	17.9	36	38
Veolia	24.3	24.3	27	28
Interserve	23.2	23.2	76	78
Fusion	13.6	13.6	2	2
Eldon Housing PFI	18	18	-	-
Apetito	14.2	14.2	-	-
EM Highway Services Ltd	23	23	-	-
Mayday Travel Ltd	18.9	18.9	-	-
Impact Group	19.6	19.6	-	-
London Hire Services	19.2	19.2	-	-
Churchill Services	16.6	16.6	-	-
Olympic South Ltd	20.4	20.4	-	-
Wallington Cars	15.5	15.5	-	-
Skanska Construction UK Ltd	24.7	24.7	-	-
Ground Control	23.6	23.6	-	-
Sodexho Limited	18.2	18.2	-	-
Vinci Facilities	19.9	19.9	-	-
Carillion Integrated Services	20.7	20.7	-	-
Quadron Services	27.1	27.1	-	-
AXIS Europe plc (Housing Repairs)	25.5	25.5	-	-
Capita Secure Information Solutions Ltd	24.6	24.6	-	-
Keyring	25.6	25.6	-	-
Roman Catholic Archdiocese of Southwark	18.7	18.7	-	-
South London Waste Partnership	15.5	15.5	-	-
Westgate Cleaning	27	27.0	-	-
Octavo	24.2	24.2	-	-

	Contribution rate required as a percentage of pay		Plus Additional Payment (surplus adjustment)	
	2015/16	2016/17	2015/16	2016/17
Academies	% of pay	% of pay	£'000	£'000
Harris City Academy (Crystal Palace)	13	13	-	-
Harris Academy (South Norwood)	15.1	15.1	6	6
Harris Academy (Upper Norwood)	18.9	18.9	12	13
Harris Primary Academy Benson	18.4	18.4	32	33
Harris Academy Kenley	16.0	16.0	10	11
Oasis Academy Coulsdon	20.8	20.8	66	68
Oasis Academy Shirley Park	18.1	18.1	127	132
Archbishop Lanfranc Academy	23.8	23.8	120	124
Harris Academy (Purley)	17.5	17.5	51	53
St Joseph's College	20.9	20.9	56	57
St Cyprian's Greek Orthodox Primary School	17.8	17.8	15	16
Norbury Manor Business and Enterprise College for Girl	18.3	18.3	51	53
Woodcote High School	19.3	19.3	77	80
St James the Great R.C Primary	24.9	24.9	58	60
Riddlesdown Collegiate	17.3	17.3	85	88
Shirley High School	19.6	19.6	52	53
Oasis Academy Byron	18.6	18.6	16	16
Robert Fitzroy Acadmey	11.5	11.5	-	-
St Thomas Becket RC Primary	21.2	21.2	23	24
Aerodome Primary School	18.1	18.1	15	15
The Quest Academy	20.4	20.4	47	49
ARK Oval Primary Academy	15.3	15.3	7	7
Pegasus Academy Trust	18.7	18.7	40	41
Gonville Academy (STEP)	19.9	19.9	17	18
West Thornton Primary Academy	16.8	16.8	43	44
David Livingstone Academy (STEP)	16.0	16.0	1	1
Addington High School	18.5	18.5	51	52
Applegarth School	18.3	18.3	23	23
Forest Academy	16.9	16.9	11	11
Wolsey Junior Primary Academy	20.4	20.4	29	30
Castle Hill Academy	16.5	16.5	24	25
Atwood Primary Academy	17.3	17.3	17	17
Oasis Academy Ryelands	16.3	16.3	35	36
Winterbourne Junior Boys	19.1	19.1	26	27
Beulah Nursery and Infant School	19.6	19.6	54	55
Broadmead Primary School	18.8	18.8	76	79
Chipstead Valley Primary School	19.8	19.8	38	40
Fairchildes Primary Academy	15.7	15.7	73	76
Harris Invictus Academy Croydon	16.5	16.5	-	-
Harris Primary Academy Haling Park	16.5	16.5	-	-
New Valley Primary School	20.7	20.7	15	15
Rowdown Primary School	24.6	24.6	25	26
St Mark's COFE Primary School	21.2	21.2	16	17
Paxton Academy	16.1	16.1	-	-
Crescent Primary Academy	19.5	19.5	13	13
Edenham High	23.5	23.5	101	101
Good Shepherd Roman Catholic Primary	21.4	21.4	38	38
Heathfield Academy	22.1	22.1	1	1
Oasis Academy Arena	17.1	17.1	3	3
South Norwood Academy	14.1	14.1	-	-
St Mary's Infants School	24.1	24.1	52	52
St Mary's Junior School	24.1	24.1	24	24

NOTES TO THE PENSION FUND ACCOUNTS

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	2015/16 Range £	Contribution Rate %	2014/15 Range £	Contribution Rate %
1	0 -13,600	5.5%	0 -13,500	5.5%
2	13,601-21,200	5.8%	13,501-21,000	5.8%
3	21,201-34,400	6.5%	21,101-34,000	6.5%
4	34,401-43,500	6.8%	34,001-43,000	6.8%
5	43,501-60,700	8.5%	43,001-60,000	8.5%
6	60,701-86,000	9.9%	60,000-85,000	9.9%
7	86,001-101,200	10.5%	85,001-100,000	10.5%
8	101,201-151,800	11.4%	100,001-150,000	11.4%
9	151,800+	12.5%	150,000+	12.5%

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

	2015/16	2014/15	% change
Contributing members	8,757	8,180	7.1%
Deferred pensioners	8,676	7,967	8.9%
Pensioners	7,103	6,812	4.3%
Total	24,536	22,959	6.9%

8. CONTRIBUTIONS

By Authority:	2015/16 £000	2014/15 £000
Administering Authority	37,751	35,293
Scheduled bodies	10,598	9,173
Admitted bodies	4,169	5,127
	52,518	49,593

By Type	2015/16 £000	2014/15 £000
Employees normal contributions	10,964	10,588
Employers:		
Normal contributions	24,952	22,700
Deficit recovery contributions	14,353	15,672
Augmentation contributions	2,249	633
	52,518	49,593

9. BENEFITS

	2015/16 £000	2014/15 £000
Pensions	39,792	37,511
Commutation and lump sum retirement benefits	9,166	8,086
Lump sum death benefits	1,160	603
	50,118	46,200

10. MANAGEMENT EXPENSES

	2015/16 £000	2014/15 £000
Administration	1,323	1,080
Oversight and Governance	492	577
Investment management	1,216	2821
	3,031	4,478

Included in oversight and governance expenses is £21k (2015: £21k) in respect of audit fees. Included in the investment mangement expenses are £52k (2015: £698k) in respect of transaction costs.

11. INVESTMENT INCOME

	2015/16 £000	2014/15 £000
Equity dividends	11,834	6,631
Property funds	2,578	2,335
Interest on cash deposits	46	86
Other income	2	98
Total before taxes	14,460	9,150
Taxes on income	(648)	(292)
Total	13,812	8,858

12. INVESTMENTS

The Fund used the following investment managers during the year.

Asset Category	Fund Managers
Equities	Legal and General (segregated and pooled funds)
Private equity	Knightsbridge, Pantheon and Access
Infrastructure	Equitix and Temporis
Fixed Interest	Standard Life and Wellington
Hedge Fund of Funds	Bluecrest*
Property	Schroder Investment Management
Cash	Cash is invested by the in-house team

* The fund fully redeemed its investment with BlueCrest on 23 October 2015 and re-invested the proceeds with Legal and General.

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 2016 was as follows

	2016		2015	
	Market £'000	Market %	Market £'000	Market %
Legal and General	497,224	57.0%	480,775	57.0%
Pantheon Ventures	43,435	5.0%	32,188	3.8%
Knightsbridge	14,081	1.6%	13,060	1.5%
Access	2,018	0.2%	-	-
Equitix	37,779	4.3%	29,485	3.5%
Temporis	5,594	0.6%	-	-
Standard Life	120,792	13.8%	120,798	14.3%
Wellington	59,123	6.8%	57,919	6.9%
Bluecrest	-	-	32,398	3.8%
Schroder	92,431	10.6%	77,346	9.2%
Total investments	**872,477**	**100.0%**	**843,969**	**100.0%**

13. RECONCILIATION IN MOVEMENT IN INVESTMENTS

	Market value 01 April 2015	Purchases and derivative payments	Sales and derivative receipts	Change in market value	Market value 31 March 2016
	£'000	£'000	£'000	£'000	£'000
Global equities - segregated funds	430,301	62,548	(43,105)	(14,556)	435,188
Global equities - pooled funds	50,438	40,000	(29,627)	1,151	61,962
Private equity	45,248	12,958	(4,412)	5,740	59,534
Infrastructure	29,485	11,785	(2,079)	4,182	43,373
Fixed Interest	178,717	49	-	1,149	179,915
Hedge funds	32,398	-	(32,228)	(170)	-
Property	77,346	10,765	(1,768)	6,088	92,431
Derivatives	36	298	(167)	(92)	74
	843,969	**138,403**	**(113,386)**	**3,492**	**872,477**
Cash deposits	10,118			179	4,310
Amounts receivable for sales	----				-
Investment income due	1,205				2,295
Amounts payable for purchases	(39)				(794)
Net investment assets	**855,253**			**3,671**	**878,288**

	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**

14. ANALYSIS OF INVESTMENTS

		2016 UK £'000	2016 Foreign £'000	2016 Total £'000	2015 UK £'000	2015 Foreign £'000	2015 Total £'000
Global equities-segregated funds							
Legal and General	Quoted	47,805	387,233	435,038	48,763	381,538	430,301
London CIV	Unquoted	150	-	150	-	-	-
Total equities		47,955	387,233	435,188	48,763	381,538	430,301
Global equities - pooled funds							
Legal and General	unit trust	61,962		61,962	41,942	8,496	50,438
Total pooled investments		61,962	-	61,962	41,942	8,496	50,438
Private Equity							
Pantheon Ventures	managed fund	-	43,435	43,435	-	32,188	32,188
Knightsbridge	managed fund	-	14,081	14,081	-	13,060	13,060
Access	managed fund	-	2,018	2,018	-	-	-
Total private equity		-	59,534	59,534	-	45,248	45,248
Infrastructure							
Equitix	managed fund	37,779	-	37,779	29,485	-	29,485
Temporis	managed fund	5,594	-	5,594	-	-	-
Total Infrastructure		43,373	-	43,373	29,485	-	29,485
Fixed Interest							
Standard Life	unit trust	120,792	-	120,792	120,798	-	120,798
Wellington	managed fund	-	59,123	59,123	-	57,919	57,919
Total Fixed Interest		120,792	59,123	179,915	120,798	57,919	178,717
Hedge Fund of Funds							
Bluecrest	managed fund	-	-	-	32,398	-	32,398
Total Hedge Fund of Funds		-	-	-	32,398	-	32,398
Property							
Schroder	managed fund	92,431	-	92,431	77,346	-	77,346
Total Property		92,431	-	92,431	77,346	-	77,346
Derivatives (Quoted) Legal and General		-	74	74	-	36	36
Total investments		**366,513**	**505,964**	**872,477**	**350,732**	**493,237**	**843,969**

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

	2016 Market £'000	2016 Market %	2015 Market £'000	2015 Market %
Standard Life SLI Absolute Return Global Bond Strategies	64,972	7.4%	64,878	7.7%
Standard Life Corporate Bond	55,820	6.4%	55,920	6.6%
Wellington Sterling Core Bond Plus Portfolio	59,123	6.8%	57,919	6.9%
Legal and General World Equity Index	61,962	7.1%	-	-
Total value of investments	**241,877**	**27.7%**	**178,717**	**21.18%**

16. ANALYSIS OF DERIVATIVES

Legal & General use derivatives in South Korean markets in order to maintain equity exposure in line with the FTSE 4Good Index rather than trading directly in this market.

Type	Expires	2016 Economic Exposure £'000	2016 Market £'000	2015 Economic Exposure £'000	2015 Market £'000
Assets					
Overseas Equity	less than 1 year	3,298	74	2,581	36
Total value of investments		3,298	74	2,581	36

17. CURRENT ASSETS

	2015/16 £'000	2014/15 £'000
Cash balances	2,522	10,174
Other Local Authorities - Croydon Council	2,357	761
Other Entities and Individuals:		
Sundry Debtors	2,107	1,598
	6,986	12,533

18. CURRENT LIABILITIES

	2015/16 £'000	2014/15 £'000
Other Local Authorities - Croydon Council	(5,976)	(5,873)
Other entities and individuals:		
Sundry expenses	(2,272)	(1,314)
	(8,248)	(7,187)

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 or their close family members 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 2016 £	Date of Payment
Cllr Buttinger	Hayes School Kenley			
Cllr Hall	Wolsey Junior Academy	133,902	29,000	07 July 2016
Cllr Hall	Applegarth Academy	154,764	-	
Cllr Mansell	Norbury Manor Primary School			
Cllr Mead	Fairfield Services Ltd	96,470	9,592	15 April 2016
Cllr Mead	Forestdale Primary			
Cllr Mead	Courtwood Prmary School		-	

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 (Corporate 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 2015/16.

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

The Fund had outstanding capital commitments of £113.8m at 31 March 2016 (2015:£63.5m) based on:

USD 58.8m at exchange rate 1.437 equals £40.9m
EUR 26.9m at exchange rate 1.261 equals £21.3m
GBP £51.5m

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 £265 k for 2015/16 (£260k in 2014/15), are sent directly to the relevant AVC provider.
The value at 31 March 2016 of separately invested additional voluntary contributions was £1.98m (£1.82m in 2014/15).

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 2015/16 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 2016 £m	31 Mar 2015 £m
Active members	631	631
Deferred members	324	366
Pensioners	508	562
Present Value of Promised Retirement Benefits	1,463	1,559

Liabilities have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2013. 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.

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).

23. PENSION FUND ACCOUNTS REPORTING REQUIREMENTS (continued)

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 2016 is to decrease the actuarial present value by £137m.

Financial Assumptions
My recommended financial assumptions are summarised below:

Year ended	31 Mar 2016 %p.a.	31 Mar 2015 %p.a.
Inflation/Pensions Increase Rate	2.2%	2.4%
Salary Increase Rate	3.2%	3.3%
Discount Rate	3.5%	3.2%

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 2016 for IAS19 purposes'. 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.

Sensitivity Analysis

Change in assumptions for the year ended 31 March 2016	Approximate increase to pension liabilities (%)	Approximate increase to pension liabilities (£m)
0.5% decrease in the discount rate	**10%**	**145**
1 year increase in member life expectancy	**3%**	**44**
0.5% increase in salary increase rate	**3%**	**39**
0.5% increase in pensions increase rate	**7%**	**104**

Prepared by:-

Richard Warden FFA

20 April 2016

For and on behalf of Hymans Robertson LLP

24. EVENTS AFTER THE REPORTING PERIOD

The results of the referendum, held on 23rd June 2016 on whether the UK should remain in the EU impacts on the value and management of the Pension Fund. It will take a considerable period for this decision to be fully evalulated. Immediately though, there are repercussions for the banking sector, the valuation of underlying assets, the regulatory environment governing investments and sterling valuations.

25. FINANCIAL INSTRUMENTS

During the year the Pensions Committee, having considered advice from their investment advisors agreed a new target asset allocation for the Fund.

Below is the target asset allocation agreed by Pension Committee in 2015/16.

Asset Class	Benchmark	Weighting
UK and Overseas Listed Equities	FTSE 4 Good	42% + / - 5%
Fixed Interest Securities	18% Merrill Lynch Sterling non gilts all stocks index 12% Merrill Lynch Sterling Broad Market index	23% + / - 3%
Property	IPD All Properties index	10% + / - 3%
Private Rental Sector Property	IPD All Prperties index	6%
Private Equity	CPI +5%	8%
Infrastructure	CPI +5%	10%
Cash and Short Term Deposits		1%
Total		**100%**

It is recognised that it may take some time to meet the new target asset allocation due to the nature of the assets.

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	179,915	-	-
Global equities	497,150	-	-
Pooled property investments	92,431	-	-
Private equity	59,534	-	-
Infrastructure	43,373	-	-
Derivatives	74	-	-
Other investment balances	-	6,605	-
Current Assets	-	6,986	-
Total Financial Assets	**872,477**	**13,591**	**-**
Financial Liabilities			
Other investment balances	-	-	(794)
Current liabilities	-	-	(8,248)
Total Financial Liabilities	**-**	**-**	**(9,042)**
Net Assets	**872,477**	**13,591**	**(9,042)**

Net Gains and Losses on Financial Instruments	**31 March 2016 £'000**
Financial assets	
Fair value through profit and loss	3,671
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	**3,671**

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	872,477	872,477
Loans and Debtors	13,591	13,591
Total Financial Assets	**886,068**	**886,068**
Financial Liabilities		
Fair value through profit and loss	**(9,042)**	**(9,042)**
Financial liabilities at amortised cost		
Total Financial Liabilities	**(9,042)**	**(9,042)**

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 2016	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial Assets				
Financial assets at fair value through profit and loss	677,139	92,431	102,907	872,477
Loans and Debtors	13,591	-	-	13,591
Financial Liabilities				
Financial Liabilities at fair value through profit and loss	**(9,042)**	-	-	**(9,042)**
Net financial assets	681,688	92,431	102,907	877,026

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	9.79%
Total bonds plus index linked	4.21%
Alternatives	2.86%
Property	2.18%

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	497,150	9.79%	545,821	448,479
Total bonds plus index linked	179,915	4.21%	187,489	172,341
Alternatives	102,907	2.86%	105,850	99,964
Property	92,431	2.18%	94,446	90,416
Total Assets	872,403	5.84%	923,351	829,481

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 2016 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 2016 £'000
Cash Balances	6,832
Fixed interest securities	179,915
Total	186,747

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 2016	Change in year in the net assets available to pay benefits	
		+100 BPS	-100 BPS
	£'000	£'000	£'000
Cash Balances	6,832	68	(68)
Fixed interest securities	179,915	1,799	(1,799)
Total	186,747	1,867	(1,867)

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 2016 £'000
Overseas quoted securities	387,233
Overseas quoted securities - pooled	61,962
Overseas un-quoted securities	59,534
Overseas bonds	59,123
Overseas derviatives	74
Total overseas assets	567,926

*The legal & General pooled fund is domicled in th UK bu the underlying assets are global and is therefore included in the above for currency exposure anaylisis

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 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 2016	Change in net assets available to pay benefits	
		+5.34%	-5.34%
	£000	£000	£000
Overseas quoted securities	387,233	407,911	366,555
Overseas quoted securities - pooled	61,962	65,271	58,653
Overseas un-quoted securities	59,534	62,713	56,355
Overseas bonds	59,123	62,280	55,966
Overseas derivatives	74	78	70
Total overseas assets	567,926	598,253	537,599

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 £2.5m (£10.2m at 31 March 2015). This was held with the following institutions:

Summary	Rating at 31 March 2016	Balances as at 31 March 2016 £'000
Money Market Funds		
Goldman Sachs	AAA	35
Current Account		
Royal Bank of Scotland		2,487
Total		2,522

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 2016 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 Accounting Standard (IAS) 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
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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.

IAS19
The 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, the Greater London Authority and Croydon council in accordance with the business rates retention regulations.

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.

GLOSSARY OF TERMS

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.