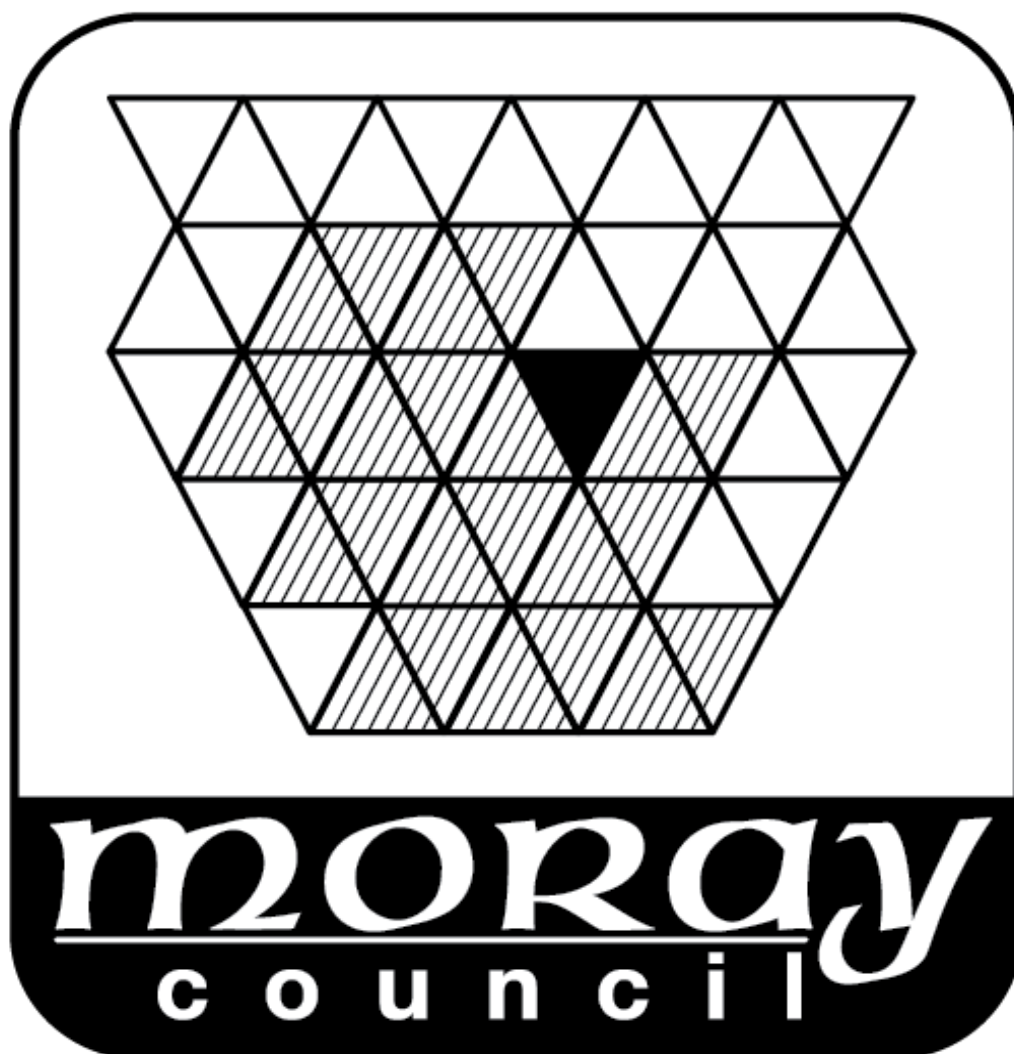


# UNAUDITED ACCOUNTS



ANNUAL ACCOUNTS FOR  
THE YEAR ENDED

31 MARCH 2020

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Head of Financial Services, High Street  
Elgin, IV30 1BX



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## **Statement of Responsibilities for the Annual Accounts**

### **The Council's Responsibilities**

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Council has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Head of Financial Services.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- approve the Annual Accounts for signature.

I confirm that these Unaudited Annual Accounts were approved by the Moray Council Emergency Cabinet at its meeting on 1<sup>st</sup> July 2020.

Signed on behalf of Moray Council.

**Councillor Graham Leadbitter**  
**Leader of the Council**

**1 July 2020**

### **The Chief Financial Officers' Responsibilities**

The Chief Financial Officer is responsible for the preparation of the Council's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Accounting Code).

In preparing the Annual Accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with legislation.
- complied with the Local Authority Accounting Code (in so far as it is compatible with legislation).

The Chief Financial Officer has also:

- kept adequate accounting records, which were up to date.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Council and its Associates at the reporting date and the transactions of the Council and its Associates for the year ended 31 March 2020.

**Lorraine Paisey CA**  
**Chief Financial Officer**

**1 July 2020**













**Annual Governance Statement (continued)**

.....  
**Councillor Graham Leadbitter**  
**Leader of the Council**

**1 July 2020**

.....  
**Roderick D Burns**  
**Chief Executive**

## Remuneration Report

### Introduction

The Local Authority Accounts (Scotland) Amendment Regulations 2011 (SSI No. 2011/64) amend the Local Authority Accounts (Scotland) Regulations 1985 (SI No. 1985/267) and require Local Authorities in Scotland to prepare a Remuneration Report as part of the statutory Annual Accounts.

All information disclosed in the tables in this Remuneration Report, with the exception of the Tiered Contribution Pay Rates table on page 24, will be audited by the appointed auditors, Audit Scotland, and the information reviewed by them to ensure it is consistent with other sections of the Annual Accounts.

### Remuneration Policy for the Leader of the Council, the Convener and Senior Councillors

The annual salary of the Leader of the Council and the upper limit for the annual salary of the Convener are set out by the Scottish Government in terms of the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007, as amended by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2019. The salary for the Leader of the Council is £29,119 per annum (2018/19 £28,326) and for the Convener is £21,840 per annum (2018/19 £21,245).

In terms of the same Regulations, the Scottish Government permits Moray Council to nominate up to nine Senior Councillors (in addition to the Leader of the Council and the Convener) whose salaries in aggregate must not exceed a specified amount, currently £176,895 (2018/19 £172,076) and whose salaries individually must be on a specified scale, currently £17,470 to £21,840 (2018/19 £16,994 to £21,245).

In addition to the Senior Councillors of the Council, the Regulations also set out the remuneration payable to Councillors with the responsibility of a Convener or a Vice-Convener of a Joint Board such as a Valuation Joint Board. The Regulations require the remuneration to be paid by the Council of which the Convener or Vice-Convener (as the case may be) is a member. The Council is also required to pay any pension contributions arising from the Convener or Vice-Convener being a member of the Local Government Pension Scheme.

Under the Regulations, remuneration disclosures are to be made for the Leader of the Council, the Convener and any Councillor designated a Senior Councillor. In 2019/20, Moray had eight Senior Councillors, (seven committee chairs and the Leader of the largest opposition group), each paid a salary of £21,840 per annum (2018/19 £21,245). The Convener of the Grampian Valuation Joint Board is also the Leader of the Council so no reimbursement for an additional responsibility allowance was required to be paid by the Board in 2019/20. The Chair of the Moray Integration Joint Board was also the Convener of Moray Council in 2019/20 and as she already received a Senior Councillor salary then no additional payment was required.

Table 1 shows the relevant amounts, before tax and other deductions, for each of the persons named for the year 31 March 2020. All salaries are paid monthly.

## Remuneration Report (continued)

TABLE 1: Remuneration of Senior Councillors and Conveners and Vice-Conveners/Chairs of Joint Boards

Councillor Name	Responsibility	Total Remuneration 2018/19 £	Salary, Fees and Allowances £	Total Remuneration 2019/20 £
Graham Leadbitter	Leader of the Council and Chair, Economic Development and Infrastructure Committee. Convener of Grampian Valuation Joint Board	26,910	29,119	29,119
Shona Morrison	Convener of the Council and Chair, Moray Integration Joint Board	20,820	21,840	21,840
David Bremner	Chair, Planning and Regulatory Services Committee	16,996	21,840	21,840
Paula Coy	Convener, Police, Fire and Rescue Services	16,996	21,840	21,840
Timothy Eagle	Leader of the largest Opposition Group	21,245	21,840	21,840
Donald Gatt - Note 1	Chair, Audit and Scrutiny from 8 May 2019	-	19,609	19,609
Louise Laing	Chair, Communities Committee	16,996	21,840	21,840
Aaron McLean	Chair, Policy and Resources Committee	21,245	21,840	21,840
Amy Taylor	Chair, Licensing Committee	16,996	21,840	21,840
Sonya Warren	Chair, Children and Young People's Services Committee	16,996	21,840	21,840
<b>Total</b>		<b>175,200</b>	<b>223,448</b>	<b>223,448</b>

No taxable expenses were paid in 2019/20.

Note 1: Councillor MacRae stepped down from his position as Chair of the Audit and Scrutiny Committee on 29<sup>th</sup> March 2019. This position was vacant until Councillor Gatt was appointed as Chair from 8<sup>th</sup> May 2019.

## Remuneration Report (continued)

**TABLE 2: Remuneration paid to Councillors**

The annual return of Councillors' salaries and expenses is available to view on the Council's website at <http://moray.gov.uk>.

The annual return of Councillors' salaries and expenses is compiled under Scottish Local Authority Remuneration Committee (SLARC) guidance for public records whereas the Remuneration Report is compiled under a Scottish Statutory Instrument (SSI).

The Council paid the following salaries, allowances and expenses to all Councillors (including the Senior Councillors above) during the year.

Type of Remuneration	2018/19 £	2019/20 £
Salaries	491,860	501,151
Expenses	31,064	25,584
<b>Total</b>	<b>522,924</b>	<b>526,735</b>

### Remuneration Policy for Senior Officers

The salaries of Senior Officers are set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets out the salary for the Chief Executives of Scottish Local Authorities. Circular CO/150 was issued on 04 March 2019 and covers salary scales to be paid to Chief Officers for the period of 1 April 2018 to 31 March 2021. Corporate Directors receive 84% of the Chief Executive's salary. Moray Council does not pay bonuses or performance related pay.

The Regulations define a Senior Officer as an employee who meets one or more of the following criteria:

- i) A person who has responsibility for the management of the Local Authority to the extent that the person has the power to direct or control the major activities of the Authority, whether solely or collectively with other persons;
- ii) A person who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989; or
- iii) A person whose annual remuneration, including any annual remuneration from a Local Authority subsidiary body, is £150,000 or more.

The term *remuneration* means gross salary, fees and bonuses, allowances and taxable expenses, and compensation for loss of employment. Remuneration details are shown in Table 3. The table shows the relevant amounts, before tax and other deductions, for each of the persons named for the year to 31 March 2020. Salaries are paid monthly.

## Remuneration Report (continued)

**TABLE 3: Remuneration of Senior Employees of the Council**

		£	£	£
Roderick D Burns	Chief Executive	109,737	112,839	112,839
Rhona Gunn	Corporate Director (Environmental Services) until 30th September 2019. Depute Chief Executive for Economy, Environment and Finance from 1st October 2019.	92,338	95,519	95,519
Denise Whitworth	Corporate Director (Corporate Services) until 30th September 2019. Depute Chief Executive for Education, Communities and Organisational Development from 1st October 2019.	92,356	100,916	100,916
Graham Jarvis	Acting Corporate Director (Education and Social Care) retired 4.8.19	81,082	35,037 (Full year equivalent £94,869)	35,037 (Full year equivalent £94,869)
Alasdair McEachan	Head of Legal Services (Monitoring Officer) until 30th September 2019. Head of Governance, Strategy and Performance from 1st October 2019.	77,261	79,775	79,775
Lorraine Paisey	Head of Financial Services (s95 Officer) until 30 September 2019. Chief Financial Officer from 1st October 2019.	77,268	79,458	79,458
<b>Total</b>		<b>530,042</b>	<b>503,544</b>	<b>503,544</b>

No taxable expenses were paid in 2019/20.

The Council undertook a Senior Management restructure during 2019/20 and changes were implemented on 1<sup>st</sup> October 2019. The table above reflects the changes in senior management positions.

Note 1: Graham Jarvis retired as Acting Corporate Director (Education and Social Care) on 4<sup>th</sup> August 2019. No replacement was made and the Council deleted this post on 1<sup>st</sup> October 2019 as part of the senior management restructure.

## Remuneration Report (continued)

### Pension Entitlement

Pension benefits for Councillors and Local Government employees are provided through the Local Government Pension Scheme (LGPS) and for teachers and former teachers through the Scottish Public Pensions Agency. The pension is based on the person's pensionable service (how long he or she has been a member of the pension scheme) and his or her pay. For Councillors, the pension is based on "career average" - the aggregate of each year's pay (adjusted by inflation) is divided by the total number of years and part years they have been a member of the LGPS.

For officers, the pension is based on a career average from 1 April 2015. For service before this date, the annual pension is calculated by dividing their pay by 80 (60 for service after 31 March 2009) and multiplying this by their total membership. The normal retirement age (NRA) for service post 1 April 2015 is the same as for the state pension; the NRA for service pre 1 April 2015 is 65. Pensions payable are increased annually in line with changes in the Pensions (Increase) Act 1971 and Section 59 of the Social Security Pension Act 1975. Members may opt to give up (commute) pension for a lump sum up to the limit set by the Finance Act 2004.

A LGPS member's contribution depends upon his or her full time equivalent pay. The tables of rates for 2018/19 and 2019/20 are shown below and can be found on the LGPS website: <http://scotlgps2015.org/content/what-will-new-scheme-cost-me>

### Tiered Contribution Pay Rates

Whole time pay 2018-19	Contribution rate 2018/19	Whole time pay 2019-20	Contribution rate 2019/20
On earnings up to and including £21,300	5.50%	On earnings up to and including £22,441	5.50%
On earnings above £21,300 and up to £26,100	7.25%	On earnings above £22,442 and up to £29,193	Between 5.6% - 6.0%
On earnings above £26,100 and up to £35,700	8.50%	On earnings above £29,194 and up to £36,652	Between 6.1% - 6.5%
On earnings above £35,700 and up to £47,600	9.50%	On earnings above £36,653 and up to £51,713	Between 6.6% - 7.5%
On earnings above £47,600	12.00%	On earnings above £51,714 and up to £58,259	Between 7.6% - 8.0%
		On earnings above £58,260 and up to £78,008	Between 8.1% - 9.0%
		On earnings above £78,009 and up to £118,012	Between 9.1% - 10.0%
		On earnings above £118,013	10.1% and over

The value of benefits in Tables 4 and 5 attached have been provided by the North East Scotland Pension Fund (NESPF) and are calculated on the basis of the age at which the person will first become entitled to a full pension on retirement without reduction on account of its payment at that date; without exercising any option to commute pension entitlement into a lump sum and without any adjustment for the effects of future inflation. The pension figures shown relate to the benefits that the person has accrued as a consequence of their total Local Government service and not just their current appointment.



## Remuneration Report (continued)

**TABLE 4: Senior Councillors**

The pension entitlements for Senior Councillors for the year to 31 March 2020 are shown in the table below, together with the contribution made by the Council to each Senior Councillor's pension during the year.

Councillor Name	Responsibility	In-year pension contributions		Accrued pension benefits		
		For the year to 31 March 2019	For the year to 31 March 2020	As at 31 March 2020	Difference from March 2019	
		£	£	£'000	£'000	
Graham Leadbitter	Leader of the Council and Chair, Economic Development and Infrastructure			Pension Lump	5	1
	Committee. Convener of	5,194	5,620	Sum	2	1
	Converner of the Council and Chair, Moray			Pension Lump	1	1
Shona Morrison	Integration Joint Board	4,018	4,215	Sum	-	-
David Bremner	Chair, Planning and Regulatory Services			Pension Lump	1	1
	Committee	3,280	4,215	Sum	-	-
				Pension Lump	1	-
Paula Coy	Convener, Police, Fire and Rescue Services	3,280	4,215	Sum	-	-
Timothy Eagle	Leader of the largest Opposition Group			Pension Lump	1	1
		4,100	4,215	Sum	-	-
				Pension Lump	1	-
Donald Gatt	Chair, Audit and Scrutiny from 8 May 2019	-	3,785	Sum	-	-
Louise Laing	Chair, Communities Committee			Pension Lump	1	1
		3,280	4,215	Sum	-	-
	Chair, Policy and Resources Committee			Pension Lump	3	-
Aaron McLean	from	4,100	4,215	Sum	-	-
Amy Taylor	Chair, Licensing Committee			Pension Lump	1	1
		3,280	4,215	Sum	-	-
	Chair, Children and Young People's			Pension Lump	2	-
Sonya Warren	Services Committee	3,280	4,215	Sum	-	-
<b>Total</b>		<b>33,812</b>	<b>43,125</b>		<b>19</b>	<b>7</b>

## Remuneration Report (continued)

**TABLE 5: Senior Employees**

The pension entitlements of Senior Employees for the year to 31 March 2020 are shown in the table below, together with the contribution made by the Council to each Senior Employee's pension during the year.

Name	Post Title	In-year pension contributions			Accrued pension benefits	
		For the year to 31 March 2019 £	For the year to 31 March 2020 £		As at 31 March 2020 £'000	Difference from March 2019 £'000
Roderick D Burns	Chief Executive	21,173	21,775	Pension	60	3
				Lump	112	3
				Sum		
Rhona Gunn	Corporate Director	17,814	18,429	Pension	30	3
	(Environmental			Lump	32	1
	Services) until 30th			Sum		
	September 2019.					
	Depute Chief Executive					
	for Economy,					
	Environment and					
	Finance from 1st					
	October 2019.					
Denise Whitworth	Corporate Director	17,817	19,471	Pension	41	3
	(Corporate Services)			Lump	67	2
	until 30th September.			Sum		
	Depute Chief Executive					
	for Education					
	Communities and					
	Organisational					
	Development from 1st					
	October 2019					
Graham Jarvis	Acting Corporate	15,649	6,340	Pension	57	3
	Director (Education and			Lump	118	4
	Social Care) retired			Sum		
	4.8.19					
Alasdair McEachan	Head of Legal Services	14,905	15,331	Pension	28	2
	(Monitoring Officer) until			Lump	37	1
	30th September 2019.			Sum		
	Head of Governance,					
	Strategy and					
	Performance from 1st					
	October 2019.					
Lorraine Paisey	Head of Financial	14,907	15,331	Pension	31	2
	Services (s95 Officer)			Lump	49	1
	until 30 September			Sum		
	2019. Chief Financial					
	Officer from 1st October					
	2019.					
<b>Total</b>		<b>102,265</b>	<b>96,677</b>		<b>662</b>	<b>28</b>

All senior employees shown in the tables above are members of the Local Government Pension Scheme (LGPS).

## Remuneration Report (continued)

### Remuneration of Officers receiving more than £50,000

The following table provides details of the number of people paid by the Council whose remuneration is £50,000 or more. The table includes the remuneration of the Senior Employees detailed above.

**TABLE 6: General Disclosure by Pay Band**

Remuneration Band	Number of Employees	
	2018/19	2019/20
£50,000-£54,999	64	112
£55,000-£59,999	22	48
£60,000-£64,999	20	30
£65,000-£69,999	6	13
£70,000-£74,999	4	3
£75,000-£79,999	7	7
£80,000-£84,999	-	4
£85,000-£89,999	1	1
£90,000-£94,999	4	-
£95,000-£99,999	-	1
£100,000-£104,999	-	1
£105,000-£109,999	1	-
£110,000-£114,999	-	1
<b>Total</b>	<b>129</b>	<b>221</b>

### Exit Packages of Employees

The Council has agreed a number of exit packages as detailed in Table 7. The exit packages shown are split between compulsory redundancies and other departures. The figures shown include redundancy, settlement costs for loss of employment and payments to the pension fund for early retirements agreed by Committee. The Council only agrees exit packages where they are consistent with wider workforce planning and service delivery objectives and where the savings accruing from an individual ceasing employment with the Council exceed the costs of the exit package within an acceptable period.

## Remuneration Report (continued)

**TABLE 7: Exit Packages**

Banding	2018/19			2019-20		
	Compulsory Redundancies Number of Employees	Other Departures Number of Employees	Total Cost £	Compulsory Redundancies Number of Employees	Other Departures Number of Employees	Total Cost £
£0-£20,000	11	36	408,952	20	6	80,545
£20,001-£40,000	3	9	333,323	1	-	30,000
£40,001-£60,000	-	1	44,056	-	-	-
£60,001-£80,000	-	1	76,254	-	-	-
£80,001-£100,000	-	3	271,449	-	-	-
£100,001-£150,000	-	2	234,398	-	1	140,060
£150,001-£200,000	-	2	345,917	-	-	-
£200,001-£250,000	-	3	608,791	-	-	-
<b>Total</b>	<b>14</b>	<b>57</b>	<b>2,323,140</b>	<b>21</b>	<b>7</b>	<b>250,605</b>

### Termination Benefits

During 2019/20 the Council terminated the contracts of 28 employees. The contracts were terminated as a result of either budget savings, the redesign of Council services or Council restructuring. The cost to the Council was £0.111m comprising £0.078m of redundancy payments (2018/19 £0.758m) and £0.033m of settlement costs for loss of employment (2018/19 £0.014m).

Payments to the pension fund for early retirement are not included in the termination benefits figures above.

### Trade Union (Facility Time Publication Requirements) Regulations 2017

The following tables show the information required to be published under the Trade Union (Facility Time Publication Requirements) Regulations 2017.

#### Table 8: Relevant Union Officials

What was the total number of your employees who were relevant union officials during the relevant period?

#### Table 9: Percentage of Time Spent on Facility Time

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

## **Remuneration Report (continued)**

**Table 10: Percentage of Pay Bill Spent on Facility Time**

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

**Table 11: Paid Trade Union Activities**

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

**Councillor Graham Leadbitter**

**Leader of the Council**

**Roderick D Burns**

**Chief Executive**

**1 July 2020**

## Comprehensive Income and Expenditure Statement

This Statement shows the accounting cost for the year ended 31 March 2019 of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis note 9.

2018/19 (restated Note 2)					2019/20			
Expenditure	Council Income	Net	Group Net		Expenditure	Council Income	Net	Group Net
£000	£000	£000	£000		£000	£000	£000	£000
71,676	(3,795)	67,881	68,031	Education	76,937	(8,391)	68,546	68,673
25,523	(5,122)	20,401	20,401	Education Resources & Communities	25,208	(4,807)	20,401	20,401
21,303	(1,077)	20,226	20,227	Social Work	20,540	(1,386)	19,154	19,201
12,976	(8,481)	4,495	4,495	General Services Housing and Property Services	16,476	(12,356)	4,120	4,120
50,876	(12,589)	38,287	38,358	Environmental & Commercial Services	51,498	(15,171)	36,327	36,362
5,571	(2,006)	3,564	3,564	Economic Growth & Development	5,798	(2,059)	3,739	3,739
6,375	(350)	6,025	6,025	HR, ICT & Organisational Development	6,589	(366)	6,223	6,295
24,709	(18,572)	6,137	6,137	Governance, Strategy & Performance	21,520	(15,646)	5,874	6,602
3,051	(430)	2,621	2,621	Financial Services	2,917	(1,556)	1,361	1,361
13,415	(221)	13,194	13,245	Other	5,084	(184)	4,900	4,900
97,834	(56,021)	41,813	42,380	Health and Social Care	103,794	(57,738)	46,056	46,056
23,900	(19,357)	4,543	4,543	Housing Revenue Account	19,886	(19,668)	218	218
357,209	(128,022)	229,187	230,025	<b>Cost Of Services</b>	356,247	(139,328)	216,919	217,928

## Comprehensive Income and Expenditure Statement (continued)

2018/19 (restated Note 2)					2019/20				
Expenditure	Council Income	Net	Group Net		Expenditure	Council Income	Net	Group Net	
£000	£000	£000	£000		£000	£000	£000	£000	
357,209	(128,022)	229,187	230,025	<b>Cost Of Services</b>	356,247	(139,328)	216,919	217,928	
		2,432	2,406	Other Operating Expenditure (Note 13)			127	185	
		15,875	15,364	Financing and Investment Income and Expenditure (Note 14)			15,571	16,977	
		(227,955)	(227,955)	Taxation and Non-Specific Grant Income (Note 15)			(241,100)	(241,100)	
		-	392	Associates accounted for on an equity basis			-	78	
		<b>19,539</b>	<b>20,232</b>	<b>Deficit on Provision of Services</b>			<b>(8,483)</b>	<b>(5,932)</b>	
		(43,166)	(43,282)	(Surplus)/Deficit on revaluation of Property, Plant and Equipment (Notes 16 & 24)			(12,179)	(18,937)	
		-	(38)	(Surplus)/Deficit on revaluation of available for sale financial assets			-	384	
		9,155	9,155	Remeasurement of the net defined benefit liability (Note 29 & 43)			(21,437)	(21,437)	
		-	28	Share of other Comprehensive (Income) and Expenditure of Associates			-	(206)	
		<b>(34,011)</b>	<b>(34,137)</b>	<b>Other (Income)/Expenditure</b>			<b>(33,616)</b>	<b>(40,196)</b>	
		<b>(14,472)</b>	<b>(13,905)</b>	<b>Total Comprehensive Net (Income)/Expenditure</b>			<b>(42,099)</b>	<b>(46,128)</b>	

## Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The Statement shows how the movements in year are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The Net Increase or Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants and Receipts Unapplied Account	Capital Fund	Revenue Statutory Funds	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves	Authority's Share of Subsidiaries Reserves	Authority's Share of Associates Reserves	Total Group Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2018</b>	<b>18,653</b>	<b>1,132</b>	<b>649</b>	<b>69</b>	<b>111</b>	<b>4,078</b>	<b>24,692</b>	<b>430,485</b>	<b>455,177</b>	<b>28,953</b>	<b>(78)</b>	<b>484,052</b>
<b>Movement in Reserves 2018/19</b>												
Total Comprehensive Expenditure and Income	(15,331)	(4,208)	-	-	-	-	(19,539)	34,011	14,472	(147)	(420)	13,905
Adjustments between accounting basis & funding basis under regulations (Note	11,436	3,585	186	443	-	-	15,650	(15,650)	-	-	-	-
<b>Net increase/(decrease) before transfers to/from earmarked and other statutory reserves</b>	<b>(3,895)</b>	<b>(623)</b>	<b>186</b>	<b>443</b>	<b>-</b>	<b>-</b>	<b>(3,889)</b>	<b>18,361</b>	<b>14,472</b>	<b>(147)</b>	<b>(420)</b>	<b>13,905</b>
reserves	(728)	663	4	147	(111)	25	-	-	-	-	-	-
<b>Increase/Decrease in 2018/19</b>	<b>(4,623)</b>	<b>40</b>	<b>190</b>	<b>590</b>	<b>(111)</b>	<b>25</b>	<b>(3,889)</b>	<b>18,361</b>	<b>14,472</b>	<b>(147)</b>	<b>(420)</b>	<b>13,905</b>
<b>Balance at 31 March 2019</b>	<b>14,030</b>	<b>1,172</b>	<b>839</b>	<b>659</b>	<b>-</b>	<b>4,103</b>	<b>20,803</b>	<b>448,846</b>	<b>469,649</b>	<b>28,806</b>	<b>(498)</b>	<b>497,957</b>
<b>Note</b>												
Minority Interest										649		649
<b>Total Reserves as per Balance Sheet</b>										<b>29,455</b>		<b>498,606</b>



## Movement in Reserves Statement (continued)

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants and Receipts Unapplied Account	Capital Fund	Revenue Statutory Fund	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Subsidiaries Reserves	Authority's Share of Associates Reserves	Total Group Reserves
2019/20	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2019</b>	<b>14,030</b>	<b>1,172</b>	<b>839</b>	<b>659</b>	<b>-</b>	<b>4,103</b>	<b>20,803</b>	<b>448,846</b>	<b>469,649</b>	<b>28,806</b>	<b>(498)</b>	<b>497,957</b>
<b>Movement in Reserves 2019/20</b>												
Total Comprehensive Expenditure and Income	4,812	3,671					8,483	33,616	42,099	3,901	128	46,128
Adjustments between accounting basis & funding basis under regulations (Note 11)	2,523	(3,055)	139	1,662			1,269	(1,269)	-	-	-	-
<b>before transfers to/from earmarked and other statutory reserves</b>	<b>7,335</b>	<b>616</b>	<b>139</b>	<b>1,662</b>	<b>-</b>	<b>-</b>	<b>9,752</b>	<b>32,347</b>	<b>42,099</b>	<b>3,901</b>	<b>128</b>	<b>46,128</b>
Transfers to/from statutory reserves	(1,204)	431	5	(57)	206	29	(590)	590	-	-	-	-
<b>Increase/Decrease in 2019/20</b>	<b>6,131</b>	<b>1,047</b>	<b>144</b>	<b>1,605</b>	<b>206</b>	<b>29</b>	<b>9,162</b>	<b>32,937</b>	<b>42,099</b>	<b>3,901</b>	<b>128</b>	<b>46,128</b>
<b>Balance at 31 March 2020</b>	<b>20,161</b>	<b>2,219</b>	<b>983</b>	<b>2,264</b>	<b>206</b>	<b>4,132</b>	<b>29,965</b>	<b>481,783</b>	<b>511,748</b>	<b>32,707</b>	<b>(370)</b>	<b>544,085</b>
<b>Note</b>												
Minority Interest										580		580
<b>Total Reserves as per Balance Sheet</b>										<b>33,287</b>		<b>544,665</b>

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are Usable Reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services (Unusable Reserves). This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve, where amounts would only become available to provide services if the assets are sold) and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

31 March 2019		Notes	31 March 2020		
Council	Group		Council	Group	
£000	£000		£000	£000	
875,049	892,039	Property, Plant & Equipment	16	927,840	950,638
1,148	1,352	Heritage Assets	17	1,148	1,352
747	4,927	Investment Property	18	862	3,308
166	166	Intangible Assets	19	20	20
-	2,661	Long Term Investments		-	2,277
-	211	Investments in Associates		-	230
633	633	Long Term Debtors	20	585	585
877,743	901,989	Long Term Assets		930,455	958,410
660	661	Inventories	21	801	802
10,988	10,999	Short Term Debtors	22	11,137	11,151
996	996	Assets held for sale	24	827	827
18,073	18,073	Cash and Cash Equivalents	25	16,089	16,089
30,717	30,729	Current Assets		28,854	28,869
(40,794)	(40,794)	Short Term Borrowing	20	(67,189)	(67,189)
(44,670)	(39,262)	Short Term Creditors	26	(37,719)	(32,172)
(85,464)	(80,056)	Current Liabilities		(104,908)	(99,361)
(172)	(172)	Provisions	27	(149)	(149)
(174,922)	(174,922)	Long Term Borrowing	20	(170,800)	(170,800)
(58,366)	(58,366)	Other Long Term Liabilities	20	(57,010)	(57,010)
(119,887)	(119,887)	Pensions Liability	43	(114,694)	(114,694)
-	(709)	Liabilities in Associates		-	(600)
(353,347)	(354,056)	Long Term Liabilities		(342,653)	(343,253)
469,649	498,606	Net Assets		511,748	544,665

## Balance Sheet (continued)

31 March 2019			Notes	31 March 2020	
Council	Group			Council	Group
£000	£000			£000	£000
14,030	25,602	General Fund Balance	28	20,161	29,820
1,172	1,172	Housing Revenue Account	28	2,219	2,219
839	839	Capital Receipts Reserve	28	983	983
659	659	Capital Grants Unapplied	28	2,264	2,264
-	-	Capital Fund	28	206	206
4,103	4,103	Revenue Statutory Funds	28	4,132	4,132
<b>20,803</b>	<b>32,375</b>	<b>Usable Reserves</b>		<b>29,965</b>	<b>39,624</b>
222,054	239,223	Revaluation Reserve	29	227,579	250,562
359,660	359,725	Capital Adjustment Account	29	381,961	382,026
(6,643)	(6,643)	Financial Instruments Adjustment Account	29	(6,333)	(6,333)
(6,338)	(6,338)	Employee Statutory Adjustment Account	29	(6,730)	(6,730)
(119,887)	(119,887)	Pensions Reserve	29	(114,694)	(114,694)
<b>448,846</b>	<b>466,080</b>	<b>Unusable Reserves</b>		<b>481,783</b>	<b>504,831</b>
-	(498)	Share of Associates Reserves		-	(370)
-	649	Minority Interest		-	580
<b>469,649</b>	<b>498,606</b>	<b>Total Reserves</b>		<b>511,748</b>	<b>544,665</b>

The notes on pages 35 to 86 form part of the financial statements

Lorraine Paisey CA

Chief Financial Officer

1 July 2020

The unaudited Annual Accounts were issued on 1 July 2020 by Lorraine Paisey, Chief Financial Officer.

## Cash Flow Statement

The Cash Flow statement shows the changes in cash and cash equivalents of the Council during the financial year. 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 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 the future cash flows by providers of finance (i.e. borrowing) to the Council.

<b>2018/19</b>			<b>2019/20</b>	
<b>Council</b>	<b>Group</b>		<b>Council</b>	<b>Group</b>
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
(19,539)	(19,840)	Net deficit on the provision of services	8,483	6,010
		Adjust net deficit on the provision of services		
66,954	67,255	for non cash movements	42,542	45,015
		Adjust for items included in the net deficit on the		
		provision of services that are investing and financing		
<u>(31,413)</u>	<u>(31,413)</u>	activities	<u>(38,603)</u>	<u>(38,603)</u>
<b>16,002</b>	<b>16,002</b>	<b>Net cash flows from Operating Activities</b>	<b>12,422</b>	<b>12,422</b>
(10,007)	(10,007)	Investing Activities (Note 32)	(36,322)	(36,322)
4,689	4,689	Financing Activities (Note 33)	21,916	21,916
<b>10,684</b>	<b>10,684</b>	<b>Net increase or (decrease) in cash and cash</b>	<b>(1,984)</b>	<b>(1,984)</b>
		<b>equivalents</b>		
7,389	7,389	Cash and cash equivalents at the beginning of the	18,073	18,073
		financial year		
18,073	18,073	Cash and cash equivalents at the end of the financial	16,089	16,089
		year (Note 25)		
<b>10,684</b>	<b>10,684</b>		<b>(1,984)</b>	<b>(1,984)</b>

## Notes to the Accounts

### Note 1 Accounting Policies

#### 1. General

The Local Authority Accounts (Scotland) Regulations 2014 require the Council to prepare an annual statement of accounts. Section 12 of the Local Government in Scotland Act 2003 requires such accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, supported by International Financial Reporting Standards (IFRS). These are issued jointly by CIPFA and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and are designed to give a “true and fair view” of the financial performance of the Council and its Group. The Annual Accounts have been prepared on a “going concern” basis. The accounting convention adopted in the Annual Accounts is principally historic cost, modified by the revaluation of certain categories of non-current and financial assets.

#### 2. Accruals of Expenditure and Income

Income and Expenditure activities are accounted for in the year in which they take place, not simply when cash payments are made or received.

Where income and expenditure has 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 the 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.

#### 3. Bad and Doubtful Debts

Amounts owed to the Council are reviewed annually and provision made for possible non-collection of bad or doubtful debts. All debts greater than 12 months old are provided for in full. For debt aged between 6 months and 12 months old, other than those relating to Council Tax arrears and Non Domestic Rates collected on behalf of the Scottish Government, provision of 50% is made. No provision is made on debt less than 12 months old relating to Council Tax arrears and Non Domestic Rates collected on behalf of the Scottish Government.

#### 4. Borrowing Costs

The Council capitalises borrowing costs incurred whilst material assets are under construction.

#### 5. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

#### 6. Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

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

#### 7. Contingent Assets and Liabilities

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

Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a Note to the Accounts if they are deemed material.

#### 8. Employee Benefits Payable during Employment

Short-term employee benefits such as salaries, wages, overtime and paid annual leave for current employees are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

## **Note 1 Accounting Policies (continued)**

### **9. Fair Value Measurement**

The Council measures the carrying value of some of its non-financial assets, mostly surplus assets, at fair value at each reporting date. Fair value is broadly the amount for which an asset could be exchanged or a liability settled.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

### **10. Government Grants and Contributions**

Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. Where conditions are satisfied, the grant or contribution is credited to the relevant service line (for revenue grants) or Taxation and Non-Specific Grant Income (for capital grants). Where capital grants are credited to the CIES, they are reversed out in the General Fund balance in the Movement in Reserves Statement.

### **11. Impairment**

Assets are assessed at each year end for any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset an impairment loss is recognised.

### **12. Inventories**

Depending on the category of inventory, the values included in the Annual Accounts are either on the basis of the average price or the cost of the last item received. Work in Progress is stated at cost or value of work done. Although the Code recommends different valuation bases for these items, the effect on final valuations is immaterial.

### **13. Loans Fund**

A Loans Fund is maintained under powers contained in the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016. All loans raised by the Council are paid into the Fund and all advances to finance capital expenditure are made from the Fund except for capital projects financed directly from Revenue Accounts. The basis of recharging for loans is by half-yearly instalments on an annuity basis. Loans Fund interest and expenses have been charged to the CIES in accordance with the Code.

### **14. Prior Period Adjustments**

When items of income and expenditure are material, their nature and amount is disclosed separately either on the face of the CIES or in the notes to the Accounts, depending on how significant the items are to an understanding of the Council's financial performance. Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes are made by adjusting the opening balances and comparative amounts for the prior period.

### **15. Provisions**

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

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

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

## **Note 1 Accounting Policies (continued)**

### **16. Reserves**

Reserves are created by appropriating amounts from the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service within the CIES. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

### **17. VAT**

VAT is included in the Comprehensive Income and Expenditure Statement only to the extent that it is irrecoverable. The net amount due to or from HM Revenue and Customs in respect of VAT is included as part of debtors or creditors.

## **Note 2 Prior Period Adjustment/Restatements**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Material errors are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

- The Council undertook a Senior Management Restructure during 2019/20. This resulted in Service Headings being adjusted to reflect this new structure. The Comprehensive Income and Expenditure Statement has been restated to take account of this. There was no impact on the Net Cost of Services or on the (Surplus)/Deficit on the Provision of Services.

## Note 2 Prior Period Adjustment/Restatements (continued)

The impact of the adjustments in the Comprehensive Income and Expenditure Statement are as follows:

2018/19 Audited Accounts					Revised Comparatives				
	Council			Group		Council			Group
	Expenditure	Income	Net	Net Expenditure		Expenditure	Income	Net	Net Expenditure
	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
Educational & Integrated Children's Services	118,126	(9,994)	108,132	108,281	Education	71,676	(3,795)	67,881	68,030
					Education Resources & Communities	25,523	(5,122)	20,401	20,401
					Social Work	21,303	(1,077)	20,226	20,226
General Services	12,959	(8,482)	4,477	4,477	General Services Housing & Property Services	12,976	(8,481)	4,495	4,495
Housing & Property Services									
Direct Services	50,965	(12,589)	38,376	38,447	Environmental & Commercial Services	50,876	(12,589)	38,287	38,358
Development Services	5,957	(2,006)	3,951	3,951	Economic Growth & Development	5,571	(2,006)	3,564	3,564
Corporate Services	32,302	(19,239)	13,063	13,063	HR, ICT & Organisational Development	6,375	(350)	6,025	6,025
Chief Executive	2,450	(184)	2,266	2,266	Governance, Strategy & Performance	24,709	(18,572)	6,137	6,137
Other Services	12,677	(150)	12,527	12,578	Financial Services	3,051	(430)	2,621	2,621
					Other	13,415	(221)	13,194	13,245
Health & Social Care	97,873	(56,021)	41,852	42,419	Health & Social Care	97,834	(56,021)	41,813	42,380
Housing Revenue Account	23,900	(19,357)	4,543	4,543	Housing Revenue Account	23,900	(19,357)	4,543	4,543
	<b>357,209</b>	<b>(128,022)</b>	<b>229,187</b>	<b>230,025</b>		<b>357,209</b>	<b>(128,022)</b>	<b>229,187</b>	<b>230,025</b>



### Note 3 Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code requires the Council to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the accounts. This applies to the adoption of the following new or amended standards within the 2019/20 Code:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-Term Interests in Associates and Joint Ventures.
- Annual Improvements to IFRS Standards 2015-17 Cycle.
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement

The Code requires implementation from 1 April 2020 and there is, therefore, no impact on the 2019/20 Financial Statements.

The above amendments are not anticipated to have a material impact on the information provided in the Financial Statements.

### Note 4 Nature of the Group and Group Members

The Council has an interest in a number of Subsidiary and Associate entities.

For the purposes of combination and incorporation within the Group Accounts, recognition has been made of the Council's controlling interest in seven subsidiary entities and two associate entities.

#### Subsidiaries

The Entities which have been combined as subsidiaries are:

Name of Subsidiary	Principal Place of Business	% of ownership interest held by the Group	% of ownership interest held by the non-controlling interests (NCI)
Banffshire Educational Trust	Moray	50	50
Donald Manson Edinkille Trust Fund	Moray	67	33
Donald Manson Forres Trust Fund	Moray	67	33
Auchernack Trust	Moray	80	20
Other Trust Funds	Moray	100	-
Common Good Funds	Moray	100	-

The Council inherited its interests in the Trust Funds and Common Good Funds following reorganisation of local government in 1996. It is considered that the combination was on an acquisition basis. However, as no financial consideration was given for this interest, there is no goodwill involved in these instances.

The Council acts as joint trustee with other parties for five trust funds which have a combined net asset balance of £1.696m. The Council acts as sole trustees for various other trust funds which have a net asset balance of £8.098m.

The Council is responsible for the administration of Common Good Funds which were all the property of a Royal Burgh not acquired under statutory powers or held under specific trusts. Council Members have responsibility for decisions on the distribution of these funds. The Common Good Funds have a net asset balance of £23.493m.

The individual accounts for these entities are shown separately on pages 94 to 106 of these accounts.

## Note 4 Nature of the Group and Group Members (continued)

### Associates

The Entities that have been combined as Associates are:

<b>Name of Associate</b>	<b>Principal Place of Business</b>	<b>Moray Council's Share of Voting Control</b>	<b>Moray Council's Share of Requisition</b>	<b>Measurement Method</b>
Grampian Valuation Joint Board	Moray	20%	17%	Equity
Moray Leisure Limited	Moray	43%	n/a	Equity
Moray Integration Joint Board	Moray	50%	33%	Equity

Copies of Accounts for Associates are available at the following addresses:

<b>Name of Associate</b>	<b>Address where Accounts are Available</b>
Grampian Valuation Joint Board	Council Building, High Street, Elgin IV30 1BX
Moray Leisure Limited	Borough Briggs Road, Elgin, IV30 1AP
Moray Integration Joint Board	Council Building, High Street, Elgin, IV30 1BX

The tables below provide summarised financial information for those associates that are material to the Council. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the reporting entity's share of those amounts.

### Summarised balance sheet

	<b>Grampian Valuation Joint Board</b>		<b>Moray Leisure Limited</b>		<b>Moray Integration Joint Board (Joint Venture)</b>	
	<b>2018/19</b>	<b>2019/20</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Current assets						
Cash and cash equivalents	613	651	45	143	-	
Other current assets	42	39	73	131	257	187
<b>Total current assets</b>	<b>655</b>	<b>690</b>	<b>118</b>	<b>274</b>	<b>257</b>	<b>187</b>
Non-current assets	753	730	474	402	-	
Current liabilities	(558)	(498)	(399)	(358)	-	
Non-current liabilities	(5,023)	(4,454)	-	-	-	
<b>Net assets/(liabilities)</b>	<b>(4,173)</b>	<b>(3,532)</b>	<b>193</b>	<b>318</b>	<b>257</b>	<b>187</b>
Reconciliation to carrying amounts:						
Opening net assets/(liabilities)	(3,137)	(4,173)	72	193	847	257
Surplus/(deficit) for the period	(1,036)	641	121	125	(590)	(70)
Closing net assets/(liabilities)	(4,173)	(3,532)	193	318	257	187
Reporting entity's share (%)	17	17	43	43	50	50
Reporting entity's share	(709)	(600)	83	137	128	94

## Note 4 Nature of the Group and Group Members (continued)

### Summarised Statements of Comprehensive Income and Expenditure

	<b>Grampian Valuation Joint Board</b>		<b>Moray Leisure Limited</b>		<b>Moray Integration Joint Board (Joint Venture)</b>	
	<b>2018/19</b>	<b>2019/20</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Revenue	(4,388)	(3,846)	(2,629)	(2,853)	(130,033)	(136,889)
Interest Income	(3)	(5)	-			
Depreciation and Amortisation	2	23	121	99		
Interest Expense	94	115	-			
<b>(Surplus)/deficit for the period</b>	<b>879</b>	<b>571</b>	<b>121</b>	<b>125</b>	<b>590</b>	<b>70</b>
<b>Other Comprehensive Income and Expenditure</b>	<b>157</b>	<b>(1,212)</b>	<b>-</b>		<b>-</b>	
<b>Total Comprehensive Income and Expenditure</b>	<b>1,036</b>	<b>(641)</b>	<b>121</b>	<b>125</b>	<b>590</b>	<b>70</b>

Inclusion of Associate entities has decreased reserves and net assets by £0.370m due mainly to the liability of the Grampian Valuation Joint Board's Pension Scheme, which is being reduced by the reserves of Moray Integration Joint Board on Moray Leisure Ltd.

## Note 4 Nature of the Group and Group Members (continued)

### Other Entities in which the Council has an Interest

During the year the council had an interest in Grampian Venture Capital Fund Limited and the Highlands and Islands Transport Partnership (HITRANS). These companies have been excluded from the Group Accounts on the basis that the Council has no exposure to commercial risk from the companies and the Council has not passed on control of any of its assets to the companies. The financial transactions of the companies would also have no material effect on the Council's accounts.

	<b>Grampian Venture Capital Fund</b>	<b>HITRANS</b>
Nature	Economic development	Local Government
Purpose	Provide equity funding for small and medium sized enterprises	To prepare transport strategies for the region
Size	Small business	Small business
Activities	Provider equity funding	Transport strategy preparation
Financed	455,000 ordinary shares issued	Contributions from 5 Constituent Authorities (Highland, Moray and 3 others)

Carrying amounts of the entities:

	<b>Grampian Venture Capital Fund</b>		<b>HITRANS</b>	
	<b>2018/19</b>	<b>2019/20</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
carrying amount of receivables	62	62	89	-
carrying amount of liabilities	-	-	346	-
Maximum exposure to loss	62	62	346	-

## Note 5 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in these financial statements, the Council and its associates have had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for Local Government and Joint Boards. However, it has been determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Council has entered into a Public Private Partnership (PPP) for the provision of educational buildings, their maintenance and related facilities. The Council has considered the tests under IFRIC 12 and concluded this is a service concession.
- Assets held at current value are revalued on a five year rolling basis as set out in the accounting policy for Property, Plant and Equipment. The Council asserts that the carrying amount does not differ materially from that which would be determined using current value.

## Note 6 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

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

The items in the Council's Balance Sheet at 31 March 2020 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual buildings. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets	If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £0.844m for every year that useful lives had to be reduced.
Valuation of Property, Plant and Equipment	Due to the Covid-19 pandemic, there is significant uncertainty in property markets.	It is not known what the impact will be, but there is potential for asset values to change significantly.
Pension Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of approximately £12.470m.
Arrears	At 31 March 2020, the Council had a balance of sundry debtors for £21.558m. (before provision for impairment) A review of the most significant debts, Council tax, suggested that an impairment of 100% on debts greater than 12 months old was appropriate.	A deterioration in collection rates might require an impairment of Council tax debt which is less than 12 months old. An impairment of 1% of current year debt would amount to approximately £0.015m.

## Note 7 Material Items of Income and Expenditure

Where material items of Income and Expenditure are not disclosed on the face of the Comprehensive Income and Expenditure Statement, the Code requires that the nature and amount of these items are disclosed in a note to the accounts. During 2019/20 the following items are regarded as material:

<b>Nature</b>	<b>£000</b>
Continuation of the Council house new build programme (including the purchase of land). Twenty eight dwellings were completed during the year. A further one hundred and eighty one were under construction at 31 March 2020.	12,015
Building of the new Lossiemouth High School has advanced during the year and is still ongoing at 31 March 2020.	19,764
Building of the new Linkwood Primary School in South Elgin has advanced during the year and is still ongoing at 31 March 2020.	8,337
NESS Energy for Waste Plant, a joint project with Aberdeen City and Aberdeenshire Councils, has advanced during the year and is still ongoing at 31 March 2020	6,463
Rebate received from HMRC in relation to Leisure Services VAT	1,107

## Note 8 Events after the Reporting Period

The unaudited Annual Accounts were issued on 1 July 2020 by Lorraine Paisey, Chief Financial Officer. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## Note 9 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's services as reported during the year. Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2018/19 (restated note 2)				2019/20		
Net expenditure chargeable to the General Fund and HRA Balances	Adjustments between the Funding and the Accounting Basis	Net expenditure in the Comprehensive Income and Expenditure Statement		Net expenditure chargeable to the General Fund and HRA Balances	Adjustments between the Funding and the Accounting Basis	Net expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
56,995	10,887	67,882	Education	58,468	10,078	68,546
			Education Resources			
18,212	2,190	20,401	& Communities	17,426	2,975	20,401
19,525	701	20,227	Social Work	18,369	785	19,154
			General Services			
			Housing and Property			
2,591	1,903	4,495	Services	2,155	1,965	4,120
			Environmental &			
24,237	14,050	38,287	Commercial Services	21,992	14,335	36,327
			Economic Growth &			
3,110	454	3,564	Development	2,946	793	3,739
			HR, ICT &			
			Organisational			
4,708	1,318	6,025	Development	4,766	1,457	6,223
			Governance, Strategy &			
5,643	494	6,137	Performance	5,207	667	5,874
2,386	234	2,621	Financial Services	1,126	235	1,361
4,113	9,081	13,194	Other	2,735	2,165	4,900
40,188	1,625	41,813	Health and Social Care	43,158	2,898	46,056
			Housing Revenue			
(7,834)	12,377	4,543	Account	(8,996)	9,214	218
<b>173,874</b>	<b>55,313</b>	<b>229,187</b>	<b>Cost of Services</b>	<b>169,352</b>	<b>47,567</b>	<b>216,919</b>
			Other Income and			
(169,356)	(40,292)	(209,648)	Expenditure	(177,303)	(48,099)	(225,402)
<b>4,518</b>	<b>15,021</b>	<b>19,539</b>	<b>(Suplus)/Deficit</b>	<b>(7,951)</b>	<b>(532)</b>	<b>(8,483)</b>
			Opening General Fund			
		(19,785)	and HRA Balance	(15,202)		
			(Surplus) Deficit on			
		4,518	General Fund and HRA			
			Balance in year	(7,951)		
			Transfers from			
		65	Reserves	773		
			Closing General Fund			
		(15,202)	and HRA Balance at 31			
			March*	(22,380)		

## Note 9 Expenditure and Funding Analysis (continued)

Adjustments between the Funding and the Accounting Basis 2018/19 (restated)

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes Note a	Net Change for the Pensions Adjustments Note b	Other Differences Note c	Elimination of Internal Recharges Note d	Total Adjustments
	£000	£000	£000	£000	£000
Education	9,629	852	563	(157)	10,887
Education Resources & Communities	1,180	1,140	-	(130)	2,190
Social Work	33	738	-	(70)	701
General Services Housing and Property Services	1,285	816	18	(216)	1,903
Environmental & Commercial Services	11,060	1,766	(28)	1,252	14,050
Economic Growth & Development	117	419	(31)	(52)	454
HR, ICT & Organisational Development	955	374	-	(11)	1,318
Governance, Strategy & Performance	36	521	(27)	(36)	494
Financial Services	85	206	(57)	-	234
Other	213	8,872	-	(5)	9,081
Health and Social Care	349	1,890	(39)	(575)	1,625
Housing Revenue Account	12,132	233	12	-	12,377
<b>Net Cost of Services</b>	<b>37,072</b>	<b>17,829</b>	<b>412</b>	<b>-</b>	<b>55,313</b>
Other Income and Expenditure	(42,156)	2,178	(314)	-	(40,292)
<b>Total Adjustments</b>	<b>(5,084)</b>	<b>20,007</b>	<b>98</b>	<b>-</b>	<b>15,021</b>



## Note 9 Expenditure and Funding Analysis (continued)

### Adjustments between the Funding and the Accounting Basis 2019/20

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes Note a	Net Change for the Pensions Adjustments Note b	Other Differences Note c	Elimination of Internal Recharges Note d	Total Adjustments
	£000	£000	£000	£000	£000
Education	8,793	1,234	193	(142)	10,078
Education Resources & Communities	1,604	1,411	40	(80)	2,975
Social Work	20	961	49	(245)	785
General Services Housing and Property Services	1,245	1,038	(20)	(298)	1,965
Environmental & Commercial Services	11,724	2,149	(49)	511	14,335
Economic Growth & Development	15	510	33	235	793
HR, ICT & Organisational Development	956	489	19	(7)	1,457
Governance, Strategy & Performance	35	616	20	(4)	667
Financial Services	-	222	13	-	235
Other	49	2,107	11	(2)	2,165
Health and Social Care	239	2,531	96	32	2,898
Housing Revenue Account	8,945	282	(13)	-	9,214
<b>Net Cost of Services</b>	<b>33,625</b>	<b>13,550</b>	<b>392</b>	<b>-</b>	<b>47,567</b>
Other Income and Expenditure	(50,483)	2,694	(310)	-	(48,099)
<b>Total Adjustments</b>	<b>(16,858)</b>	<b>16,244</b>	<b>82</b>	<b>-</b>	<b>(532)</b>

#### a) Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line.

Adjustments to Other Income and Expenditure reflect:

**Other Operating Expenditure** - capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets and the movement on revaluation of held for sale assets.

**Financing and Investment Income and Expenditure** - the removal of statutory charges for capital financing, i.e. loans pool principal charges are deducted from Other Income and Expenditure. These amounts are not chargeable under generally accepted accounting practice.

**Taxation and Non-Specific Grant Income** - capital grants adjustments whereby income is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

## **Note 9 Expenditure and Funding Analysis (continued)**

### **b) Net Change for the Pensions Adjustments**

This column reflects the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related income and expenditure.

For **Services** this reflects the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.

For **Financing and Investment Income and Expenditure** the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

### **c) Other Differences**

This column adjusts for differences between the amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable recognised under statute.

For **Services** this reconciles the impact of accruals for accumulating compensated absences, e.g. holiday pay as required by IAS 19 Employee Benefits, to the salaries actually payable in the financial year in accordance with statute.

For **Financing and Investment Income and Expenditure** the entry recognises adjustments to the General Fund for the timing differences for premiums and discounts.

### **d) Elimination of Internal Recharges**

The Code requirements prohibit the inclusion of income and expenditure on a trading basis between segments in the Comprehensive Income and Expenditure Statement (CIES). As a consequence, internal transactions are not to be included in the CIES.

## Note 10 Expenditure and Income Analysed by Segment and Nature

The authority's expenditure and income is analysed as follows. Segments have been identified based on the organisational structure used by the Council for internal management reporting.

### Income and Expenditure 2018/19

	Education £000	Education Resources & Communities £000	Social Work £000	General Services Housing & Property Services £000	Environmental & Commercial Services £000	Economic Growth & Development £000	HR, ICT & Organisational Development £000	Governance, Strategy & Performance £000	Financial Services £000	Other Services £000	Health & Social Care £000	Housing Revenue Account £000	Costs not included in a Service £000	Total £000
Employee expenses	50,122	18,797	8,045	9,240	20,646	4,577	4,247	5,651	2,149	12,169	21,492	2,690	2,364	162,188
Other service expenses	11,925	5,546	13,225	2,452	19,169	877	1,174	19,023	817	1,032	75,993	9,078	-	160,311
Depreciation, amortisation and impairment	9,629	1,180	33	1,285	11,061	117	955	36	85	213	349	12,132	-	37,073
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	-	13,810	13,810
Loss on Disposal of Non Current Assets	-	-	-	-	-	-	-	-	-	-	-	-	2,432	2,432
<b>Total Expenditure</b>	<b>71,676</b>	<b>25,523</b>	<b>21,303</b>	<b>12,976</b>	<b>50,876</b>	<b>5,571</b>	<b>6,375</b>	<b>24,709</b>	<b>3,051</b>	<b>13,415</b>	<b>97,834</b>	<b>23,900</b>	<b>18,606</b>	<b>375,815</b>
Fees, charges & other service income	(504)	(2,035)	252	(6,604)	(12,089)	(1,738)	(349)	(1,103)	(430)	(141)	(42,411)	(19,357)	-	(86,508)
Interest and investment income	-	-	-	-	-	-	-	-	-	-	-	-	(299)	(299)
Income from council tax	-	-	-	-	-	-	-	-	-	-	-	-	(41,076)	(41,076)
Government grants and contributions	(3,291)	(3,086)	(1,329)	(1,877)	(500)	(268)	(1)	(17,470)	-	(80)	(13,610)	-	(186,879)	(228,392)
<b>Total Income</b>	<b>(3,795)</b>	<b>(5,121)</b>	<b>(1,077)</b>	<b>(8,481)</b>	<b>(12,589)</b>	<b>(2,006)</b>	<b>(350)</b>	<b>(18,573)</b>	<b>(430)</b>	<b>(221)</b>	<b>(56,021)</b>	<b>(19,357)</b>	<b>(228,254)</b>	<b>(356,276)</b>
<b>Net Expenditure</b>	<b>67,881</b>	<b>20,401</b>	<b>20,226</b>	<b>4,495</b>	<b>38,287</b>	<b>3,565</b>	<b>6,025</b>	<b>6,136</b>	<b>2,621</b>	<b>13,194</b>	<b>41,813</b>	<b>4,543</b>		

(Surplus) or deficit on the provision of services

19,539

## Note 10 Expenditure and Income Analysed by Segment and Nature (continued)

### Income and Expenditure 2019/20

	Education £000	Education Resources & Communities £000	Social Work £000	General Services Housing & Property Services £000	Environmental & Commercial Services £000	Economic Growth & Development £000	HR, ICT & Organisational Development £000	Governance, Strategy & Performance £000	Financial Services £000	Other Services £000	Health & Social Care £000	Housing Revenue Account £000	Costs not included in a Service £000	Total £000
Employee expenses	55,286	19,038	8,464	9,611	20,084	4,523	4,343	5,299	1,942	4,133	23,064	2,698	2,694	161,179
Other service expenses	12,859	4,566	12,056	5,620	19,690	1,260	1,290	16,186	975	902	80,491	8,243	91	164,229
Depreciation, amortisation and impairment	8,792	1,604	20	1,245	11,724	15	956	35	-	49	239	8,945	(115)	33,509
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	-	13,314	13,314
Loss on Disposal of Non Current Assets	-	-	-	-	-	-	-	-	-	-	-	-	127	127
<b>Total Expenditure</b>	<b>76,937</b>	<b>25,208</b>	<b>20,540</b>	<b>16,476</b>	<b>51,498</b>	<b>5,798</b>	<b>6,589</b>	<b>21,520</b>	<b>2,917</b>	<b>5,084</b>	<b>103,794</b>	<b>19,886</b>	<b>16,111</b>	<b>372,358</b>
Fees, charges & other service income	(650)	(2,315)	(121)	(9,846)	(15,021)	(1,391)	(366)	(15,133)	(1,556)	(184)	(57,682)	(19,668)	-	(123,933)
Interest and investment income	-	-	-	-	-	-	-	-	-	-	-	-	(413)	(413)
Income from council tax Government grants and contributions	-	-	-	-	-	-	-	-	-	-	-	-	(43,723)	(43,723)
	(7,741)	(2,492)	(1,265)	(2,510)	(150)	(668)	-	(513)	-	-	(56)	-	(197,377)	(212,772)
<b>Total Income</b>	<b>(8,391)</b>	<b>(4,807)</b>	<b>(1,386)</b>	<b>(12,356)</b>	<b>(15,171)</b>	<b>(2,059)</b>	<b>(366)</b>	<b>(15,646)</b>	<b>(1,556)</b>	<b>(184)</b>	<b>(57,738)</b>	<b>(19,668)</b>	<b>(241,513)</b>	<b>(380,841)</b>
<b>Net Expenditure</b>	<b>68,546</b>	<b>20,401</b>	<b>19,154</b>	<b>4,120</b>	<b>36,327</b>	<b>3,739</b>	<b>6,223</b>	<b>5,874</b>	<b>1,361</b>	<b>4,900</b>	<b>46,056</b>	<b>218</b>		

(Surplus) or deficit on the provision of services

(8,483)

## Note 11 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the Total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2018/19

	Usable Reserves					
	General Fund	HRA	Revenue Statutory Funds	Capital Receipts Reserve	Capital Grants & Receipts Unapplied	Capital Fund
	£000	£000	£000	£000	£000	£000
<b>Adjustments to the Revenue Resources</b>						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements,						
Pensions costs (transferred from the Pensions Reserve)	19,721	286				
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(221)	(93)				
Holiday pay (transferred to the Employee Statutory Adjustment Account)	400	12				
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	1,025	9,078	-	-	-	-
<b>Total Adjustment to Revenue Resources</b>	<b>20,925</b>	<b>9,283</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(186)	(75)	-	261		-
Capital receipts transferred to the Capital Grants and Receipts Unapplied Account	(443)				443	
Statutory provision for the repayment of debt	(8,860)	(944)	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	(4,679)	-	-	-	-
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(9,489)</b>	<b>(5,698)</b>	<b>-</b>	<b>261</b>	<b>443</b>	<b>-</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	(75)	-	-
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(75)</b>	<b>-</b>	<b>-</b>
<b>Total Adjustments</b>	<b>11,436</b>	<b>3,585</b>	<b>-</b>	<b>186</b>	<b>443</b>	<b>-</b>

# **Note 11 Adjustments between Accounting Basis and Funding Basis under Regulations (continued)**

2019/20

	Usable Reserves					
	General Fund	HRA	Revenue Statutory Funds	Capital Receipts Reserve	Capital Grants & Receipts Unapplied	Capital Fund
	£000	£000	£000	£000	£000	£000
<b>Adjustments to the Revenue Resources</b>						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements,						
Pensions costs (transferred from the Pensions Reserve)	30,885	697	-	-	-	-
Financial Instruments (transferred to the Financial Instruments Adjustment Account)	(14,987)	(351)	-	-	-	-
Holiday pay (transferred to the Employee Statutory Adjustment Account)	405	(13)	-	-	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(1,554)	2,071	-	-	-	-
<b>Total Adjustment to Revenue Resources</b>	<b>14,749</b>	<b>2,404</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Adjustments between Revenue and Capital Resources</b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(139)		-	139	-	-
Capital receipts transferred to the Capital Grants and Receipts Unapplied Account	(1,662)				1,662	
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	(9,425)	(1,114)	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(1,000)	(4,345)	-	-	-	-
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(12,226)</b>	<b>(5,459)</b>	<b>-</b>	<b>139</b>	<b>1,662</b>	<b>-</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-	-	-
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Adjustments</b>	<b>2,523</b>	<b>(3,055)</b>	<b>-</b>	<b>139</b>	<b>1,662</b>	<b>-</b>

## Note 12 Transfers to/from Revenue Statutory Funds and Earmarked portions of the General Fund

This note sets out the amounts set aside from the General Fund and HRA balances in Revenue Statutory Funds to provide financing for future expenditure plans and the amounts posted back from Revenue Statutory Funds to meet General Fund and HRA expenditure in 2019/20.

### Revenue Statutory Funds

	Repairs and Renewals Fund £000	Insurance Fund £000	Total £000
Balance at 1 April 2018	2,691	1,387	4,078
Transfers In 2018/19	16	9	25
Balance at 31 March 2019	2,707	1,396	4,103
Transfers in 2019/20	19	10	29
<b>Balance at 31 March 2020</b>	<b>2,726</b>	<b>1,406</b>	<b>4,132</b>

### Earmarked portions of the General Fund

Portions of the General Fund are earmarked for specific purposes as described below. Underspends or overspends against budget for these activities are transferred in or out of the earmarked funds at the year end.

	General Services £000	Devolved School Management £000	Early Years Childcare Expansion £000	Pupil Equity Funding £000	Transformation £000	Council Priorities £000	Other Funds £000	Total £000
Balance at 1 April 2018	17,095	448	196	569	-	-	345	18,653
Transfers Out 2018/19	(5,257)	(438)	(146)	-	-	-	(5)	(5,846)
Transfers In 2018/19	438	-	-	14	700	-	71	1,223
Balance at 31 March 2019	12,276	10	50	583	700	-	411	14,030
Transfers Out 2019/20	-	-	-	-	-	-	(17)	(17)
Transfers In 2019/20	2,363	456	364	77	-	2,881	7	6,148
<b>Balance at 31 March 2020</b>	<b>14,639</b>	<b>466</b>	<b>414</b>	<b>660</b>	<b>700</b>	<b>2,881</b>	<b>401</b>	<b>20,161</b>

## Note 12 Transfers to/from Revenue Statutory Funds and Earmarked portions of the General Fund (continued)

### Devolved School Management (DSM)

This ring fenced balance is a consolidation of the balances held by schools that are retained for the specific purpose of investing in services delivered at each individual school. The DSM scheme enables a policy of retaining resources at each school rather than returning the balances to a corporate fund. This policy aims to encourage schools to plan financially over the medium term.

### Early Years Childcare Expansion

The purpose of this fund is to ring fence funding received from the Scottish Government for the expansion of Early Learning and Childcare from 600 hours to 1,140 hours.

### Pupil Equity Funding

The purpose of this fund is to ring fence funding received from the Scottish Government to provide targeted support for children and young people affected by poverty.

### Transformation

The purpose of this fund is to provide funding to initiate and advance the Transformation, Improvement and Modernisation Programme projects.

### Council Priorities

The purpose of this fund is to meet one-off expenditure which assists in achieving financial stability, as well as other measures facilitating the achievement of Council priorities.

### Other Funds

These funds are grants and contributions unspent at the reporting year end which have restrictions on their use. The majority of these funds are insurance premium discounts set aside to fund claims beneath the Council's excess. Other funds held include unspent monies to be used to upgrade/maintain Sanquhar Loch in Forres and for unspent monies relating to the Scottish Welfare Fund, which was set up in 2016/17 to be used to provide individuals with assistance for short term need and community care.

## Note 13 Other Operating Expenditure

	2018/19 £000	2019/20 £000
Movement on revaluation of assets held-for-sale recognised in the provision of services	-	
Losses on disposal of non-current assets	2,432	127
	<b>2,432</b>	<b>127</b>

## Note 14 Financing and Investment Income and Expenditure

	2018/19 £000	2019/20 £000
Interest payable and similar charges	13,810	13,314
Net interest on the net defined benefit liability	2,178	2,694
Interest receivable and similar income	(308)	(409)
Income and expenditure in relation to investment properties	9	(4)
Expected credit losses on financial assets	186	91
Movement on revaluation in investment property	-	(115)
	<b>15,875</b>	<b>15,571</b>



## Note 15 Taxation and Non-Specific Grant Income

	2018/19	2019/20
	£000	£000
Council tax income	41,076	43,723
Non domestic rates	40,603	45,422
Non-ring fenced government grants	115,567	116,335
Capital grants and contributions	30,709	35,620
	<b>227,955</b>	<b>241,100</b>

## Note 16 Property, Plant and Equipment

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

### Recognition

All expenditure on the acquisition, creation, enhancement or replacement of a part of an asset is capitalised providing the asset yields benefit for more than one year to the Council and the services it provides and the cost can be reliably measured. Where a component is replaced or restored, the carrying amount of the old component is derecognised and the new component reflected in the carrying amount.

### Measurement

Assets are initially measured at cost, comprising:

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

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets. An exception is made for assets without a determinable useful life (i.e. land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated using the straight-line method. In the year of acquisition, a full year's depreciation is provided for on all assets except for vehicles, where the calculation is pro-rata based on the month of acquisition. In the year of disposal, no depreciation is charged. The following useful lives and depreciation rates have been used in the calculation of depreciation:-

Council Dwellings - up to 50 years

Other Land and Buildings - Buildings up to 65 years, land is not depreciated

Vehicles, Plant, Furniture and Equipment - 3 to 12 years

Infrastructure - up to 40 years

Community Assets - up to 40 years

Surplus Assets - Buildings up to 60 years, land is not depreciated

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

## Note 16 Property, Plant and Equipment (continued)

### Comparative Movements in 2018/19:

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
<b>Cost or valuation</b>								
At 1 April 2018	267,443	348,318	44,961	294,739	705	4,911	12,746	973,823
Additions	9,663	5,851	3,582	6,261	-	15	15,126	40,498
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(1,850)	13,496	-	-	-	(654)	-	10,992
(decreases) recognised in the Surplus on the Provision of Services	(5,451)	(3,594)	-	-	-	(491)	-	(9,536)
Derecognition – disposals	-	(2,436)	(1,033)	-	-	(475)	(6)	(3,950)
Derecognition – other	-	-	(686)	-	-	-	-	(686)
Assets reclassified (to)/ from Held for Sale	-	-	-	-	-	(45)	-	(45)
valuation	3,917	4,685	(193)	80	-	1,443	(7,602)	2,330
<b>At 31 March 2019</b>	<b>273,722</b>	<b>366,320</b>	<b>46,631</b>	<b>301,080</b>	<b>705</b>	<b>4,704</b>	<b>20,264</b>	<b>1,013,426</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1 April 2018	18,393	41,480	27,603	57,298	297	104	-	145,175
Depreciation charge	6,500	11,536	3,897	8,115	17	71	-	30,136
Depreciation written out to the Revaluation Reserve	-	(32,095)	-	-	-	(79)	-	(32,174)
Depreciation written out to the Surplus on the Provision of Services	-	(2,622)	-	-	-	(7)	-	(2,629)
Derecognition – disposals	-	(525)	(920)	-	-	-	-	(1,445)
Derecognition – other	-	-	(686)	-	-	-	-	(686)
Assets reclassified (to)/ from Held for Sale	-	-	-	-	-	-	-	-
Other movements in depreciation and impairment	-	87	(156)	-	-	69	-	-
<b>At 31 March 2019</b>	<b>24,893</b>	<b>17,861</b>	<b>29,738</b>	<b>65,413</b>	<b>314</b>	<b>158</b>	<b>-</b>	<b>138,377</b>

## Note 16 Property, Plant and Equipment (continued)

### Movement in 2019/20

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
<b>Cost or valuation</b>								
At 1 April 2019	273,722	366,320	46,631	301,080	705	4,704	20,264	1,013,426
Additions	6,190	4,221	4,022	6,841			54,578	75,852
Revaluation increases/ (decreases) recognised in the Revaluation Reserve		8,535				(69)		8,466
Revaluation (decreases) recognised in the Surplus on the Provision of Services	(1,924)	(18)				(125)	(125)	(2,192)
Derecognition – disposals		(611)	(1,545)			(946)		(3,102)
Derecognition – other								-
Assets reclassified (to)/ from Held for Sale								-
valuation	3,850	4,607	31	3,171	6	794	(12,459)	-
<b>At 31 March 2020</b>	<b>281,838</b>	<b>383,054</b>	<b>49,139</b>	<b>311,092</b>	<b>711</b>	<b>4,358</b>	<b>62,258</b>	<b>1,092,450</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1 April 2019	24,893	17,861	29,738	65,413	314	158	-	138,377
Depreciation charge	6,876	12,063	4,243	8,231	16	70	-	31,499
Depreciation written out to the Revaluation Reserve		(3,714)				(28)		(3,742)
Surplus on the Provision of Services		(62)				(10)		(72)
Derecognition – disposals		(56)	(1,365)			(31)		(1,452)
Derecognition – other								-
Assets reclassified (to)/ from Held for Sale								-
Other movements in depreciation and impairment		(34)				34		-
<b>At 31 March 2020</b>	<b>31,769</b>	<b>26,058</b>	<b>32,616</b>	<b>73,644</b>	<b>330</b>	<b>193</b>	<b>-</b>	<b>164,610</b>
<b>Net Book Value</b>								
at 31 March 2019	248,829	348,459	16,893	235,667	391	4,546	20,264	875,049
at 31 March 2020	250,069	356,996	16,523	237,448	381	4,165	62,258	927,840

## Note 16 Property, Plant and Equipment (continued)

### Capital Commitments

At 31 March 2019, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2019/20 and future years budgeted to cost £45.316m (£44.345m in 2018/19). The major contracts are:

	£000
HRA Council House New Build projects	12,166
Lossiemouth High School	11,887
Linkwood Primary School	3,502
NESS Energy from Waste	17,761
	<b>45,316</b>

### Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current or fair value is revalued at least every five years. All valuations are carried out internally by the Council's Estates Manager in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

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

- Infrastructure, community assets and assets under construction - depreciated historical cost
- Council dwellings - current value, determined using the basis of existing use value for social housing (EUUV-SH)
- School buildings - current value, but because of their specialised nature are measured at depreciated replacement cost (DRC) which is used as an estimate of current value
- Surplus assets - current value as estimated as highest and best use from an open market perspective (fair value)
- All other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value) except for the Headquarters Campus buildings which are too large to be marketed as office accommodation and are measured at depreciated replacement cost as an estimate of current value.

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Carried at historical cost	-	-	49,139	311,092	711	-	62,258	423,200
Valued at current value as at:								
01 April 2019	8,116	35,578				(194)		43,500
01 April 2018	3,961	268,480	-	-	-	1,282	-	273,723
01 April 2017	3,003	17,460	-	-	-	1,660	-	22,123
01 April 2016	1,170	37,755	-	-	-	1,309	-	40,234
01 April 2015	265,588	23,781	-	-	-	301	-	289,670
<b>Total cost or valuation</b>	<b>265,588</b>	<b>23,781</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>301</b>	<b>-</b>	<b>1,092,450</b>

## Note 17 Heritage Assets

The Council holds and conserves heritage assets for future generations in support of the primary objective of increasing the knowledge, understanding and appreciation of the history of the area of Moray.

The Council's policy (including its Common Good and Trusts) for the acquisition, presentation, management and disposal of museum and art collections is contained in the Museum's Service "Acquisition and Disposal Policy" and for the Council's archives within the Local Heritage Service Collection Policy, both of which are available on the Council's website.

The movement in Heritage Assets during 2019/20 is as follows:

	<b>Cultural</b>	<b>Modern Statues</b>	<b>Museums</b>	<b>Total Heritage</b>
	<b>£000</b>	<b>£000</b>	<b>Collections</b>	<b>Assets</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Valuation at 1 April 2018	126	102	920	1,148
Additions	-	-	-	-
Transfers/Reclassifications	-	-	-	-
<b>At 31 March 2019</b>	<b>126</b>	<b>102</b>	<b>920</b>	<b>1,148</b>
Valuation at 1 April 2019	126	102	920	1,148
Additions	-	-	-	-
Transfers/Reclassifications	-	-	-	-
<b>At 31 March 2020</b>	<b>126</b>	<b>102</b>	<b>920</b>	<b>1,148</b>

The amount included above for the museum's collections is based on insurance valuations.

The following table shows assets that may be regarded as Heritage Assets but which have not been included in the Balance Sheet as the Council considers that obtaining valuations would involve disproportionate cost and that reliable cost or valuation information cannot be obtained for these items. This is because of the diverse nature of assets held, the number of assets held and the lack of comparable market values. The Code therefore permits such assets to be excluded from the Balance Sheet.

<b>Assets excluded from Heritage Assets</b>	<b>Estimated number of assets</b>
	<b>31 March 2020</b>
Archive Material	circa 1,000,000
Monuments and Fountains	11
War Memorials	46

## Note 18 Investment Property

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

Investment Property is measured initially at cost and thereafter at fair value, being the price that would be received by selling such an asset in an orderly transaction between market participants at the measurement date. Investment Property is measured at highest and best use and the properties are not depreciated but are revalued annually according to market conditions at year end. Gains and losses on revaluation are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES). The same treatment applies to gains and losses on disposal.

Gains and losses on revaluation and disposal reflected in the CIES are not charges to the General Fund and are transferred to the Capital Adjustment Account and Capital Receipts Reserve and reported in the Movement in Reserves Statement.

## Note 18 Investment Property (continued)

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

	2018/19	2019/20
	£000	£000
Rental Income from investment property	4	4
<b>Net gain</b>	<b>4</b>	<b>4</b>

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

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

	2018/19	2019/20
	£000	£000
Balance at start of the year	3,097	747
Net gains/(losses) from fair value adjustments	-	115
Transfers (to)/from Property, Plant and Equipment	(2,330)	-
Disposals	(20)	-
<b>Balance at end of the year</b>	<b>747</b>	<b>862</b>

## Note 19 Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and is accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets are purchased licences. All software is given a finite life based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the software suites used by the Council are:

	Licences
Expected Useful Life	£000
5 - 6 years	217

The carrying amount of licences is amortised on a straight line basis. The amortisation of £0.007m charged to revenue in 2019/20 (2018/19: £0.029m) was charged to the IT Administration cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading).

## Note 19 Intangible Assets (continued)

The movement on Intangible Assets during the year is as follows:-

	2018/19 £000	2019/20 £000
Balance at start of the year:		
Gross carrying amount	488	356
Accumulated amortisation	(160)	(190)
<b>Net carrying amount at start of year</b>	<b>328</b>	<b>166</b>
Purchases	53	-
Amortisation for the period	(29)	(7)
Disposals:		
Gross carrying amount	(186)	(139)
Accumulated amortisation	-	-
<b>Net carrying amount at end of year</b>	<b>166</b>	<b>20</b>
Comprising:		
Gross carrying amount	355	217
Accumulated amortisation	(189)	(197)
	<b>166</b>	<b>20</b>

## Note 20 Financial Instruments

### Financial Instruments – Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

### Financial Liabilities

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

The financial liabilities held during the year are measured at amortised cost and comprised:

- Long term loans from the Public Works Loan Board (PWLB) and commercial lenders
- Short term loans from other local authorities
- Lease payables detailed in note 40
- Private Finance Initiative contracts detailed in note 41
- Trade payables for goods and services received

### Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council.

The financial assets held during the year are accounted for under the following classification:

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows) comprising:
  - Cash in hand
  - Bank current and deposit accounts with Bank of Scotland, Standard Life Liquidity Fund, Federated Short Term Sterling Liquidity Fund, Blackrock Liquidity Fund and Insight Liquidity Fund
  - Trade receivables for goods and services provided

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

## Note 20 Financial Instruments (continued)

### Financial Instruments – Balances

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

	2018/19		2019/20	
	Long Term	Short Term	Long Term	Short Term
	£000	£000	£000	£000
<b>Amortised Cost:</b>				
Borrowing	174,922	40,794	170,800	67,189
Creditors	58,366	38,432	57,010	32,006
<b>Total</b>	<b>233,288</b>	<b>79,226</b>	<b>227,810</b>	<b>99,195</b>

### Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement are made up as follows:

	2018/19			2019/20		
	Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Total	Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Total
	£000	£000	£000	£000	£000	£000
Interest Expense	13,643	-	13,643	12,767		12,767
Impairment Losses	-	224	224		122	122
<b>Total expense in Surplus or Deficit on the Provision of Services</b>	<b>13,643</b>	<b>224</b>	<b>13,867</b>	<b>12,767</b>	<b>122</b>	<b>12,889</b>
Interest Income	-	(308)	(308)			
<b>Total income in Surplus or Deficit on the Provision of Services</b>	<b>-</b>	<b>(308)</b>	<b>(308)</b>	<b>-</b>	<b>(412)</b>	<b>(412)</b>
<b>Net (gain)/loss for the year</b>	<b>13,643</b>	<b>(84)</b>	<b>13,559</b>	<b>12,767</b>	<b>(290)</b>	<b>12,477</b>

### Financial Instruments – Fair Value

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of "Lender's Option Borrower's Option" (LOBO) loans have been increased by the value of the embedded options. Lender's options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their option when the market rates have risen above the contractual loan rate.
- The fair value of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.



## Note 20 Financial Instruments (continued)

Financial Assets		2018/19		2019/20	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Fair Value Level	£000	£000	£000	£000
Short Term Debtors	2	8,008	8,008	8,412	8,412
Long Term Debtors	2	633	633	585	585
<b>Total</b>		<b>8,641</b>	<b>8,641</b>	<b>8,997</b>	<b>8,997</b>

At 31 March 2020 the Council's financial assets show the carrying value equal to fair value, the same as the previous year. This is mainly due to a large proportion of the amount being short term financial assets (£8.412m) and the remaining balance being long term loans which have market rates of return.

Financial Liabilities		2018/19		2019/20	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Fair Value Level	£000	£000	£000	£000
Financial liabilities held at amortised cost:					
Short Term Creditors	2	38,432	38,432	32,006	32,006
Short Term Borrowing	2	40,794	40,794	67,189	67,189
Other Long Term liabilities	2	2,357	2,357	2,585	2,585
Long Term Borrowing	2	174,922	235,171	170,800	211,890
PPP and Finance Lease liabilities	2	56,009	90,343	54,425	82,234
<b>Total</b>		<b>312,514</b>	<b>407,097</b>	<b>327,005</b>	<b>395,904</b>

The fair value is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans with the Public Works Loan Board (PWLb) which are not based on market terms. It also includes the Education Services Public Private Partnership 30 year finance lease for Elgin Academy and Keith Primary and the Design, Build, Finance and Maintain 25 year lease for Elgin High School.

### Fair Value Disclosure of PWLB Loans

The fair value of PWLB loans of £212.166m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

As the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, a supplementary measure of the additional interest that the Council will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £170.800m of total long term borrowing would be valued at £211.890m. However, if the Council sought to repay the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that would not be paid/giving a discount for the reduced interest income that would be avoided. This exit price for the PWLB loans including the penalty charge would be £242.946m.

## Note 21 Inventories

2018/19

	Balance at 1 April	Purchases	Recognised as an expense in the year	Balance at 31 March
	£000	£000	£000	£000
Building Services	188	713	(715)	186
Fleet Services	178	3,158	(3,145)	191
Roads Maintenance	129	440	(399)	170
Other	135	1,390	(1,412)	113
<b>Total</b>	<b>630</b>	<b>5,701</b>	<b>(5,671)</b>	<b>660</b>

2019/20

	Balance at 1 April	Purchases	Recognised as an expense in the year	Balance at 31 March
	£000	£000	£000	£000
Building Services	186	775	(744)	217
Fleet Services	191	2,718	(2,677)	232
Roads Maintenance	170	415	(430)	155
Other	113	1,386	(1,302)	197
<b>Total</b>	<b>660</b>	<b>5,294</b>	<b>(5,153)</b>	<b>801</b>

## Note 22 Short Term Debtors

	2018/19	2019/20
	£000	£000
Trade Receivables	1,602	1,255
Prepayments	1,304	939
Other Receivable Amounts	6,406	7,157
	<b>9,312</b>	<b>9,351</b>
Prepayments included in debtors	(1,304)	(939)
<b>Total Financial Assets Current Debtors</b>	<b>8,008</b>	<b>8,412</b>

## Note 23 Debtors from Local Taxation

	31/03/2019	31/03/2020
	Council Tax	Council Tax
	£000	£000
Less than 1 year	1,467	1,536
One to two years	2,296	2,325
Three to five years	2,851	2,839
More than 5 years	7,874	8,300
	<b>14,488</b>	<b>15,000</b>
Impairment Allowance	(12,812)	(13,214)
<b>Total (net of impairment)</b>	<b>1,676</b>	<b>1,786</b>

## Note 24 Assets Held-for-Sale

When it becomes probable that the carrying amount of an asset (land and buildings) will be recovered through a sale rather than through its continued use, it is reclassified as an Asset Held-for-Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Non-current assets held-for-sale are not depreciated.

Vehicles, Plant, Furniture and Equipment and assets that are to be abandoned or scrapped are not reclassified as Assets Held-for-Sale.

	Current Assets	Current Assets
	2018/19	2019/20
	£000	£000
Balance at 1 April	1,390	996
Assets reclassified from Property, Plant and Equipment	45	-
Revaluation gains/(losses)	-	(29)
Assets reclassified to Property, Plant and Equipment	-	-
Disposals	(439)	(140)
<b>Balance at 31 March</b>	<b>996</b>	<b>827</b>

## Note 25 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the balance sheet date and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

	2018/19	2019/20
	£000	£000
Cash Held by the Council	18	18
Bank Current/Call Accounts	18,055	16,071
<b>Total</b>	<b>18,073</b>	<b>16,089</b>

## Note 26 Short Term Creditors

	2018/19	2019/20
	£000	£000
Trade Payables	10,902	13,539
Other Payables	33,768	24,181
<b>Total</b>	<b>44,670</b>	<b>37,720</b>
Tax Creditors included above	(5,064)	(4,505)
Receipts in advance included above	(1,174)	(1,209)
<b>Total Financial Liabilities Current Creditors</b>	<b>38,432</b>	<b>32,006</b>

## Note 27 Provisions

	Equal Pay	Leavers Backdated Pay Award	Total
	£000	£000	£000
Balance as at 1 April 2019	149	23	172
Settlements made/provision released in 2019/20	-	(23)	(23)
Increase in provision in 2019/20	-	-	-
<b>Balance as at 31 March 2020</b>	<b>149</b>	<b>-</b>	<b>149</b>

The Council believes that the amounts provided represent the best estimate of the total liability.

## Note 28 Usable Reserves

The Council has several reserve funds within this category:

- The Insurance Fund covers the main classes of insurance and is earmarked to pay any uninsured losses on school buildings.
- The Repairs and Renewal Fund provides for the upkeep of specific assets held by the Council.
- The Capital Fund is used to meet the costs of capital investments in assets and for the repayment of the principal element of borrowings.
- Capital Grants and Receipts Unapplied holds the grants and contributions received towards capital projects for which the Council has met the conditions what would otherwise require repayment of the monies but which have yet to be applied to meet expenditure.
- 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 movements on the Usable Reserves are detailed in the Movement in Reserves Statement and in Notes 11 and 12. A summary of the Reserves is also shown on the Balance Sheet.

## Note 29 Unusable Reserves

2018/19		2019/20
£000		£000
359,660	Capital Adjustment Account	381,961
222,054	Revaluation Reserve	227,579
(6,643)	Financial Instruments Adjustment Account	(6,333)
(6,338)	Employee Statutory Adjustment Account	(6,730)
(119,887)	Pensions Reserve	(114,694)
<b>448,846</b>		<b>481,783</b>

### Capital Adjustment Account

The Capital Adjustment Account absorbs the 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 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.

2018/19		2019/20
£000		£000      £000
347,767	Balance at 1 April	359,660
	<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>	
(30,136)	Charges for depreciation and impairment of non-current assets	(31,500)
(6,908)	Revaluation losses on Property, Plant and Equipment	(2,119)
(29)	Amortisation of Intangible Assets	(7)
	Amounts of non-current assets written off on disposal or sale as part of the loss on	
(3,149)	disposal to the Comprehensive Income and Expenditure Statement	(1,927)
<b>(40,222)</b>		<b>(35,553)</b>
7,438	Adjusting amount written out of the Revaluation Reserve	6,654
<b>(32,784)</b>	Net written out amount of the cost of non-current assets consumed in the year	<b>(28,899)</b>
	<b>Capital financing applied in the year:</b>	
75	Use of the Capital Receipts Reserve to finance new capital expenditure	-
30,119	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	34,612
-	Application of grants to capital financing from the Capital Grants Unapplied Account	590
9,804	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	10,538
4,679	Capital expenditure charged against the General Fund and HRA balances	5,345
<b>44,677</b>		<b>51,085</b>
	Movements in the market value of Investment Properties debited or credited to the	
-	Comprehensive Income and Expenditure Statement	115
<b>359,660</b>	<b>Balance at 31 March</b>	<b>381,961</b>

## Note 29 Unusable Reserves (continued)

### Revaluation Reserve

The Revaluation Reserve contains gains made by the Council arising from increases in the value of its Property, Plant and Equipment, Heritage Assets and Intangible Assets. The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created.

2018/19	2019/20
£000	£000      £000
186,326 Balance at 1 April	222,054
58,319 Upward Revaluation of assets	13,294
Downward revaluation of assets and impairment losses not charged to the	
(15,153) Surplus on the Provision of Services	(1,115)
Surplus /(deficit) on revaluation of non-current assets not posted to the	
43,166 Surplus on the Provision of Services	12,179
(6,397) Difference between fair value depreciation and historical cost depreciation	(6,291)
(1,041) Accumulated gains on assets sold or scrapped	(363)
(7,438) Amount written off to the Capital Adjustment Account	(6,654)
<b>222,054 Balance at 31 March</b>	<b>227,579</b>

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on early redemption of loans. As a result, the balance on the Account at 31 March 2020 will be charged to the General Fund over the next 35 years

2018/19	2019/20
£000	£000
(6,957) Balance at 1 April	(6,643)
Proportion of premiums incurred in previous financial years to be charged against	
310 the General Fund balance in accordance with statutory requirements	310
Amount by which finance costs charged to the Comprehensive Income and	
Expenditure Statement are different from finance costs chargeable in the year in	
4 accordance with statutory requirements	-
<b>(6,643) Balance at 31 March</b>	<b>(6,333)</b>

## Note 29 Unusable Reserves (continued)

### Employee Statutory Adjustment Account

The Employee Statutory Adjustment 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.

2018/19	2019/20
£000	£000
(5,926) Balance at 1 April	(6,338)
5,926 Settlement or cancellation of accrual made at the end of the preceding year	6,338
(6,338) Amounts accrued at the end of the current year	(6,730)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable	
(412) in the year in accordance with statutory requirements	(392)
<b>(6,338) Balance at 31 March</b>	<b>(6,730)</b>

### Pensions Reserve

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

2018/19	2019/20
£000	£000
(90,725) Balance at 1 April	(119,887)
(9,155) Remeasurements (assets and liabilities)	21,437
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	
(34,009) Statement	(31,582)
Employer's pensions contributions and direct payments to pensioners payable in the	
14,002 year	15,338
<b>(119,887) Balance at 31 March</b>	<b>(114,694)</b>

## Note 30 Capital Grants and Receipts Unapplied Account

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

It also holds capital receipts to fund qualifying expenditure on service transformation and service redesign projects.

	2018/19 £000	2019/20 £000
<b>Capital Grants</b>		
Opening Balance	69	659
Additions	590	1,008
Applied	-	(590)
<b>Closing Balance</b>	<b>659</b>	<b>1,077</b>
<b>Capital Receipts for Transformation Projects</b>		
Opening Balance	-	-
Additions	443	1,662
Applied	(443)	(480)
<b>Closing Balance</b>	<b>-</b>	<b>1,182</b>
Interest on Revenue Balances	-	5
<b>Total opening balance at 1 April</b>	<b>69</b>	<b>659</b>
<b>Total closing balance at 31 March</b>	<b>659</b>	<b>2,264</b>

## Note 31 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2018/19 £000	2019/20 £000
Interest Received	(308)	(409)
Interest Paid	13,774	13,262

## Note 32 Cash Flow Statement - Investing Activities

	2018/19 £000	2019/20 £000
Purchase of property, plant and equipment, investment property and intangible assets	41,247	74,449
Other payments for investing activities	315	55
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(704)	(1,801)
Other receipts from investing activities	(30,851)	(36,381)
<b>Net cash flows from investing activities</b>	<b>10,007</b>	<b>36,322</b>



### Note 33 Cash Flow Statement - Financing Activities

	2018/19 £000	2019/20 £000
Cash receipts of short-term and long-term borrowing	(79,650)	(81,500)
Cash payments for the reduction of the outstanding liabilities relating to finance leases	1,440	1,498
Repayment of short and long-term borrowing	72,960	59,276
Other payments/(receipts) for financing activities	561	(1,190)
<b>Net cash flows from financing activities</b>	<b>(4,689)</b>	<b>(21,916)</b>

### Note 34 Reconciliation of Liabilities Arising from Financing Activities

	Balance at 1 April	Financing Cash Flows	2019/20 Changes which are not Financing Cash Flows		Balance at 31 March
	£000	£000	Acquisition £000	Other £000	£000
Long Term Borrowing	174,922	(4,124)	-	2	170,800
Short Term Borrowing	40,794	26,345	-	50	67,189
Lease Liabilities	314	(122)	-	-	192
On balance sheet PFI liabilities	57,193	(1,376)	-	-	55,817
Other deferred liabilities	262	3	-	-	265
<b>Total Liabilities from Financing Activities</b>	<b>273,485</b>	<b>20,726</b>	<b>-</b>	<b>52</b>	<b>294,263</b>

### Note 35 External Audit Costs

The agreed external audit fee for 2019/20 was £0.240m for work undertaken in accordance with the Code of Audit Practice (2018/19 £0.235m).

## Note 36 Grant Income and Contributions

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/20.

	2018/19 £000	2019/20 £000
<b>Credited to Taxation and Non-Specific Grant Income</b>		
General Revenue Grant	115,567	116,335
National Non Domestic Rate Income	40,603	45,422
Capital Grants and Contributions	30,709	35,620
<b>Total</b>	<b>186,879</b>	<b>197,377</b>
<b>Credited to Services</b>		
Housing Benefits	17,004	14,114
Private Sector Housing Grant	491	463
Home Energy Efficiency Programme Scotland	1,108	2,044
Criminal Justice	1,148	1,185
Pupil Equity Funding (PEF)	1,342	1,418
ELC Expansion	1,219	5,507
PPP Funding	2,207	2,223
Other Grants	2,521	2,785
<b>Contributions</b>		
Integration Joint Board	54,232	56,370
Other Contributions	988	1,316
NHS Grampian	64	35
Donations	3	3
<b>Total</b>	<b>82,327</b>	<b>87,463</b>

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver.

The balances at the year-end are as follows:

	2018/19 £000	2019/20 £000
<b>Grants received in advance</b>		
Capital Grants	2,095	2,320
Other Grants	1,313	547
<b>Total</b>	<b>3,408</b>	<b>2,867</b>

## Note 37 Related Parties

The Council is required to disclose material transactions with related parties - bodies or individuals that have potential to control or influence the Council, or to be controlled or influenced by the Council.

Central Government has effective control over the Council. It is responsible for providing the statutory framework within which the Council operates, and provides the majority of its funding. Government grants and contributions are included in note 36. The amounts outstanding at the year-end are included in creditors in note 26.

Members of the Council have direct control over the Council's financial and operating policies. During 2019/20 no works or services were commissioned from companies in which any member had a noted interest. Details of members' expenses are included in the Remuneration Report.

Transactions with other bodies are as follows:

	2018/19	2019/20	Debtors/(Creditors)	
	£000	£000	2018/19	2019/20
			£000	£000
<b>NHS Grampian</b>				
Funding received	64	35	62	10
<b>Moray Integration Joint Board</b>				
Funding received from MIJB	54,232	56,370	1,491	417
Contribution to MIJB	40,990	42,887	-	-
<b>European Union</b>				
Funding received	99	256	-	-
<b>Grampian Valuation Joint Board</b>				
Contribution to GVJB	701	707	-	-

The Council provided material financial assistance to Moray Leisure Limited of £0.568m in 2019/20 (2018/19 £0.842m)

The Council participates in the following partnerships:

	2018/19	2019/20
	£000	£000
The Highlands and Islands Transport Partnership - contribution	47	47
Scotland Excel - contribution	71	72
SEEMIS Group LLP - contribution	79	86

## Note 38 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 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 Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2018/19 £000	2019/20 £000
Opening Capital Financing Requirement	300,520	296,394
<b>Capital Investment:</b>		
Property, Plant and Equipemnt (incl Held for Sale)	40,498	75,852
Intangible Assets	53	-
Heritage Assets	-	-
<b>Sources of Finance:</b>		
Capital receipts	(75)	-
Government grants and other contributions	(30,119)	(35,202)
<b>Sum set Aside from Revenue:</b>		
Direct revenue contributions	(4,679)	(5,345)
Loans fund principal	(9,804)	(10,538)
Closing Capital Financing Requirement	<b>296,394</b>	<b>321,161</b>
<b>Explantions of movements in year:</b>		
Increase/(decrease) in underlying need to borrow (supported by government financial assistance)	(5,049)	24,767
Assets acquired under finance leases/PPP/DBFM	923	-
Increase/(decrease) in Capital Financing Requirement	<b>(4,126)</b>	<b>24,767</b>

## Note 39 Capitalisation of Borrowing Costs

Borrowing costs of £0.749m have been capitalised during 2019/20 (2018/19 £0.143m), using a capitalisation rate of 4.01%.

## Note 40 Leases

Leases are classified as finance leases where the terms of the lease transfer the majority of the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

### Council as Lessee

#### Finance Leases

Assets held under finance leases are recognised on the Balance Sheet at the commencement of the lease at their fair value measured at the lease's inception. The asset recognised has a corresponding liability to pay the lessor.

The council leases office equipment under finance leases, accounted for as part of Property, Plant and Equipment. The net carrying amount of these assets at 31 March is as follows:-

	2018/19 £000	2019/20 £000
Machinery, Plant, Vehicles and Equipment	235	21

## Note 40 Leases (continued)

Outstanding obligations under finance leases at 31 March 2019:

	Minimum Lease Payments	less Future Interest Charges	Present Value of Minimum Lease Payments
	£000	£000	£000
Not later than one year	135	(13)	122
Later than one year and not later than five years	203	(11)	192
<b>Total</b>	<b>338</b>	<b>(24)</b>	<b>314</b>

Outstanding obligations under finance leases at 31 March 2020:

	Minimum Lease Payments	less Future Interest Charges	Present Value of Minimum Lease Payments
	£000	£000	£000
Not later than one year	135	(8)	127
Later than one year and not later than five years	68	(3)	65
<b>Total</b>	<b>203</b>	<b>(11)</b>	<b>192</b>

### Operating Leases

Rental paid under operation leases are charged to the appropriate service account in the Comprehensive Income and Expenditure Statement (CIES) as an expense of the services benefitting from use of the leased asset on a straight line basis over the term of the lease.

The Council rents land and buildings under the terms of operating leases.

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

	2018/19 £000	2019/20 £000
Not later than one year	108	69
Later than one year and not later than five years	177	135
Later than five years	1,270	1,357
<b>Total</b>	<b>1,555</b>	<b>1,561</b>

The future minimum sublease payments expected to be received by the Council are £0.065m (2018/19 £0.090m).

The expenditure charged to the CIES during the year in relation to minimum lease payments was £0.114m (2018/19 £0.108m).

## Note 40 Leases (continued)

### Council as Lessor

#### Operating Leases

Where the Council grants an operating lease the asset is retained on the Balance Sheet. The Council leases out various properties, predominately industrial units.

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

	2018/19	2019/20
	£000	£000
Not later than one year	949	1,006
Later than one year and not later than five years	2,977	2,970
Later than five years	31,213	31,027
<b>Total</b>	<b>35,139</b>	<b>35,003</b>

## Note 41 Public Private Partnership and Similar Contracts

Public Private Partnership (PPP) and similar contracts are agreements to receive services, where responsibility for making available the property, plant and equipment needed to provide those services passes to the contractor. As the Council is deemed to control the services that are provided under its scheme and as ownership of the property, plant and equipment will pass to the Council at the end of the contract for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

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

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

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

- fair value of services received during the year - debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost - an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This is currently 8.39% for the Elgin Academy/Keith Primary School PPP scheme and 5.67% for the Elgin High School Design, Build, Finance and Maintain (DBFM) contract.
- contingent Rent - increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards Liability - applied to write down the Balance Sheet liability towards the operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- lifecycle Replacement Costs - debited to the relevant service in the Comprehensive Income and Expenditure Statement or recognised as additions to Property, Plant and Equipment when the relevant capital works are carried out

#### Educational Services PPP Scheme

In 2011/12, the Council entered into a 30 year PPP contract for the construction, maintenance and operation of two schools in Keith and Elgin. The contractor took on the obligation to construct the schools and maintain them in a minimum acceptable condition. The annual unitary charge in 2019/20 was £5.040m (2018/19 £4.961m).

#### Educational Services DBFM Contract

In 2017/18, the Council entered into a 25 year DBFM contract for the construction, maintenance and operation of a new school in Elgin. The contractor took on the obligation to construct the school and maintain it in a minimum acceptable condition. The Annual Service Charge in 2019/20 was £2.524m (2018/19 £2.490m)

## Note 41 Public Private Partnership and Similar Contracts (continued)

### Property, Plant and Equipment

	2018/19 £000	2019/20 £000
<b>Cost or valuation</b>		
at 1 April	71,300	69,338
Additions	935	-
Transfers from assets under construction	-	-
Revaluations	(2,897)	-
	<b>69,338</b>	<b>69,338</b>
<b>Accumulated Depreciation</b>		
At 1 April	11,221	2,656
Revaluations	(11,221)	-
Depreciation charge	2,656	2,669
	<b>2,656</b>	<b>5,325</b>
<b>Net Book Value</b>	<b>66,682</b>	<b>64,013</b>

### Payments

Under the contracts the Council makes agreed payments each year which are increased by inflation. They can be reduced if the contractors fail to meet availability and performance standards in any year but are otherwise fixed. Payments remaining to be made under the contract at 31 March 2020 (excluding any estimation of inflation and availability/performance deductions) are as follows:

	Payment for Services £000	Reimbursement of Capital Expenditure £000	Interest £000	Total £000
Payable in 2020/21	1,183	1,457	3,988	6,628
Payable within 2 to 5 years	4,735	5,861	14,928	25,524
Payable within 6 to 10 years	5,918	8,686	16,316	30,920
Payable within 11 to 15 years	5,919	11,802	12,837	30,558
Payable within 16 to 20 years	5,919	17,696	7,759	31,374
Payable within 21 to 25 years	2,491	10,315	1,245	14,051
<b>Total</b>	<b>26,165</b>	<b>55,817</b>	<b>57,073</b>	<b>139,055</b>

## Note 41 Public Private Partnership and Similar Contracts (continued)

Although the payments made to the contractors are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the contractors for capital expenditure incurred is as follows:

	2018/19	2019/20
	£000	£000
Balance outstanding at start of year	57,592	57,193
Payments during the year	(1,322)	(1,376)
Capital expenditure incurred in the year	923	-
<b>Balance outstanding at year-end</b>	<b>57,193</b>	<b>55,817</b>

## Note 42 Pension Schemes Accounted for as Defined Contribution Schemes

Teachers employed by the Council are members of the Scottish Teachers' Superannuation Scheme administered by the Scottish Government through the Scottish Public Pension Agency (SPPA). It is a defined benefit scheme providing teachers with specified benefits upon their retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

As the scheme is unfunded there can be no surplus or shortfall. Pension contribution rates will be set by the scheme at a level to meet the cost of pensions as they accrue. It is not possible, however, for the Council to identify a share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of the annual accounts it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the Teachers' Pension during the year ending 31 March 2020, the Council's own contributions equate to approximately 1.43%.

In 2019/20 the amount payable to the Scottish Government in respect of teachers' retirement benefits was £8.032m of which £0.743m was outstanding at 31 March 2020. The amount payable represents 14.9% of pensionable pay. In 2018/19 the amounts payable were £5.880m of which £0.750m was outstanding at 31 March 2019.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the Teachers' Scheme.

## Note 43 Defined Benefit Pension Schemes

### Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in two schemes:

- The North East Scotland Local Government Pension Scheme which is administered by Aberdeen City Council. This is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets over a period of time.
- There are also arrangements in place for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.

Principal risks to the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund the amounts required by statute.



## Note 43 Defined Benefit Pension Schemes (continued)

### Transactions Relating to Post-employment Benefits

In relation to the Local Government Pension Scheme, the Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

### Transactions Relating to Post-employment Benefits

	Pension Scheme		Benefits	
	2018/19	2019/20	2018/19	2019/20
	£000	£000	£000	£000
<b>Comprehensive Income and Expenditure Statement Cost of Services:</b>				
Current Service Cost	21,761	25,657	-	-
Past Service Cost	8,869	1,315	-	-
Curtailment Cost	941	1,644	-	-
Administration Expenses	260	272	-	-
	31831	28888	-	-
<b>Financing and Investment Income and Expenditure:</b>				
Net Interest Expense	1,770	2,316	408	378
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>33,601</b>	<b>31,204</b>	<b>408</b>	<b>378</b>
<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets	(27,591)	23,897	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	36,167	(12,195)	579	(211)
Actuarial gains/(losses) arising from demographic changes	-	(40,060)	-	(639)
Other	-	7,852	-	(81)
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>42,177</b>	<b>10,698</b>	<b>987</b>	<b>(553)</b>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	(33,601)	(31,204)	(408)	(378)
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>				
Employers' contributions payable to scheme	12,996	14,378	-	-
Retirement benefits payable to pensioners	-	-	1,006	960

## Note 43 Defined Benefit Pension Schemes (continued)

### Assets and Liabilities Recognised in the Balance Sheet

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

	Pension Scheme		Benefits	
	2018/19	2019/20	2018/19	2019/20
	£000	£000	£000	£000
Present Value of the defined benefit obligation	(674,861)	(662,038)	(16,185)	(14,672)
Fair value of plan assets	571,159	562,016	-	-
<b>Net liability arising from defined benefit obligation</b>	<b>(103,702)</b>	<b>(100,022)</b>	<b>(16,185)</b>	<b>(14,672)</b>

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

	Pension Scheme		Benefits	
	2018/19	2019/20	2018/19	2019/20
	£000	£000	£000	£000
Opening Balance at 1 April	603,051	674,861	16,204	16,185
Current Service Cost	21,761	25,657	-	-
Interest Cost	15,532	16,039	408	378
Contributions from scheme participants	3,871	4,097	-	-
Remeasurement gains/(losses):				
Actuarial gains/(losses) arising from changes in financial assumptions	36,167	(12,195)	579	(211)
Actuarial gains/(losses) arising from demographic changes	-	(40,060)	-	(639)
Other	-	7,852	-	(81)
Past Service Cost	8,869	1,315	-	-
Gains on curtailment	941	1,644	-	-
Benefits paid	(15,331)	(17,172)	(1,006)	(960)
Closing Balance at 31 March	<b>674,861</b>	<b>662,038</b>	<b>16,185</b>	<b>14,672</b>

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

	Pension Scheme		Benefits	
	2018/19	2019/20	2018/19	2019/20
	£000	£000	£000	£000
Opening fair value of scheme assets	528,530	571,159	-	-
Interest Income	13,762	13,723	-	-
<b>Remeasurement Gains:</b>				
The return on plan assets, excluding the amount in the net interest expense	27,591	(23,897)	-	-
Contributions from employer	12,996	14,378	1,006	960
Contributions from employees into the scheme	3,871	4,097	-	-
Benefits paid	(15,331)	(17,172)	(1,006)	(960)
Other - administration expenses	(260)	(272)	-	-
<b>Closing value of scheme assets</b>	<b>571,159</b>	<b>562,016</b>	<b>-</b>	<b>-</b>



## Note 43 Defined Benefit Pension Schemes (continued)

### Local Government Pension Scheme assets comprised:

Fair value of scheme assets

	Quoted Prices in Active Markets	Prices not Quoted in Active Markets	Total
	£000	£000	£000
31 March 2019			
UK Equities	163,979	-	163,979
Overseas Equities	181,400	-	181,400
UK Government Bonds	35,127	-	35,127
Other Government Bonds	8,510	-	8,510
Other UK Bonds	399	-	399
Other non UK Bonds	7,025	-	7,025
Property	-	41,580	41,580
Private Equity	41,809	55,803	97,612
Global Infrastructure	-	13,594	13,594
Cash Instruments	-	21,933	21,933
<b>Total Assets</b>	<b>438,249</b>	<b>132,910</b>	<b>571,159</b>

	Quoted Prices in Active Markets	Prices not Quoted in Active Markets	Total
	£000	£000	£000
31 March 2020			
UK Equities	181,170	-	181,170
Overseas Equities	153,933	-	153,933
UK Government Bonds	-	-	-
Other Government Bonds	12,540	-	12,540
Other UK Bonds	553	-	553
Other non UK Bonds	10,331	-	10,331
Property	-	41,058	41,058
Private Equity	37,680	101,547	139,227
Global Infrastructure	-	12,037	12,037
Cash Instruments	-	11,167	11,167
<b>Total Assets</b>	<b>396,207</b>	<b>165,809</b>	<b>562,016</b>

## Note 43 Defined Benefit Pension Schemes (continued)

### Basis for Estimating Assets and Liabilities

Liabilities are valued on an actuarial basis using the projected unit method and assets are measured at their fair value. An estimate of the pensions that will be payable in future years is dependent on assumptions about mortality rates, salary levels, etc.

The most recent actuarial valuation was carried out as at 31 March 2019 and has been updated by Mercer Limited, independent actuaries to the North East Scotland Pension Fund (NESPF), to take account of the requirements of IAS 19 in order to assess the liabilities of the Pension Funds as at 31 March 2020.

	Government		Liabilities	
	2018/19	2019/20	2018/19	2019/20
<b>Mortality Assumptions:</b>				
Longevity at 65 for current pensioners				
Men	22.9	21.5	22.9	21.5
Women	25.0	24.2	25.0	24.2
Longevity at 65 for future pensioners				
Men	25.8	23.1	-	-
Women	28.1	26.3	-	-
Rate of Inflation	2.20%	2.10%	2.30%	2.10%
Rate of increase in salaries	3.70%	3.60%	-	-
Rate of increase in pensions	2.30%	2.20%	2.40%	2.20%
Rate for discounting scheme liabilities	2.40%	2.40%	2.40%	2.40%

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

	Increase in Assumption £000	Decrease in Assumption £000
<b>Impact on the Defined Benefit Obligation in the Scheme</b>		
Longevity (increase or decrease in 1 year)	18,276	(18,276)
Rate of inflation (increase or decrease by 0.1%)	12,746	(12,746)
Rate of increase in salaries (increase or decrease by 0.1%)	1,944	(1,944)
Rate of increase in pensions (increase or decrease by 0.1%)		-
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(12,511)	12,511

## **Note 43 Defined Benefit Pension Schemes (continued)**

### **Funding Strategy Statement**

The Funding Strategy Statement sets out how the administering authority balances the potentially conflicting aims of affordability of contributions, transparency of process, stability of employers' contributions and prudence in the funding basis.

The Pensions Committee's long-term funding objective is to achieve and maintain assets equal to 100% of projected accrued liabilities, assessed on an ongoing basis. The current actuarial valuation of the Fund is effective as at 31 March 2017 and the results indicate that overall the assets represented 107% of projected accrued liabilities at the valuation date compared to a funding level of 94% as at 31 March 2014. The improved funding position is mainly due to high levels of investment returns over the two years prior to the valuation date.

Investments that would most closely match the pension liabilities would be gilts, predominately index-linked, reflecting the nature of the Fund's liabilities. The Fund, however, invests in other assets in the expectation that these will provide higher returns albeit without any guarantee that higher returns will be achieved over any particular period. The benefit of higher investment return is that, over the long term, a higher level of funding should achieve lower employer contribution rates. However the additional investment returns from growth assets come with a price: greater volatility relative to the liabilities thus introducing risk. There is a trade-off between the benefits of additional investment return from greater exposure to growth assets and the greater predictability from having greater exposure to liability matching assets.

The asset proportions of the Fund at 31 March 2020, with March 2019 in brackets were: equities, including alternatives 86.54% (79.94%), bonds 4.17% (8.94%), property 7.30% (7.28%) and cash 1.99% (3.84%). Given the current positive funding position of the Fund, a new investment strategy has been approved by the Pensions Committee from 1 April 2018 to reduce reliance on the volatile global equities market and increase allocation to both bonds and other protection and income asset classes.

### **Impact on the Council's Cash Flows**

While the Fund's main objective is to ensure solvency of the NESPF they also aim to keep employers' contributions at as constant a rate as possible. Following the 2017 valuation the Pensions Committee has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over an average surplus spread period of 24 years and have maintained an employer contribution rate requirement of 19.3% for local authorities across the scheme. During the valuation process employer rates are set for a period of three years. The latest triennial valuation was as at 31 March 2020 to determine a funding level and set the rates for 2021/22 onwards.

The projected employer contributions expected to be made to the Local Government Pension Scheme in the year to 31 March 2020 is £13.148m. Expected contributions for the Discretionary Benefits in the year to 31 March 2020 are £0.960m.

The weighted average duration of the defined benefit obligation for scheme members at the 31 March 2019 valuation is 19 years.

## **Note 44 Contingent Liabilities**

### **Bilbohall South Land**

On 30 March 2016 the Council decided to remove the Western Link Road from the capital plan. Due to the cancellation of this project the Council will be unable to comply with the terms of the purchase agreement with Grampian Housing Association (GHA) to buy land at Bilbohall South in Elgin. As a result the Council may have to re-purchase this site. This presents a potential financial risk to the Housing Revenue Account (HRA).

Both the Council and GHA agreed to alter the missives to extend the buy-back period until 31 March 2021. In agreeing to the extension to the buy-back period both parties sought consent of the Scottish Government, which has assumed administrative responsibility for the grant given to GHA to purchase the site.

A masterplan for development of a wider area at Bilbohall has been finalised. A planning application will be submitted shortly for development of the site which would reduce this risk to the HRA. All parties are working to resolve the issue to allow the building of affordable houses to proceed.

### **Building Dilapidations**

The Council leases a number of buildings which will required to be returned to their original leased condition at the end of the lease. Every attempt is made to maintain leased buildings in reasonable order, however, the Council has a potential liability to incur re-instatement costs where the condition has deteriorated below that of the original state, the extent of which cannot be reliably estimated.

## Note 44 Contingent Liabilities (continued)

### Scottish Child Abuse Enquiry

The Scottish Child Abuse Enquiry is a national enquiry which was set up on 1 October 2015. The Council has received several intimations of claims, but none have reached court. Discussion have been ongoing with the other former Grampian Regional Council authorities and, under the transitional arrangements put in place at the time of Local Government reorganisation, Aberdeen City Council would take the lead and each authority would pay a contribution. This equates to around 16% of any costs attributable to Moray.

At present, it is not known how many claims there are over the whole of Grampian so the extent of any costs that the Council would have to pay is unclear.

### Asbestos Related Illness

The Council has recently settled one claim for asbestos related illness and is aware of others. Work is currently ongoing with other neighbouring Local Authorities on the detail of these. At the moment the extent of any costs to the Council is unknown.

## Note 45 Nature and Extent of Risks Arising From Financial Instruments

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

- credit risk - the possibility that other parties might fail to pay amounts due to the Council.
- liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments.
- market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The procedures for risk management are set out through a legal framework based on the Local Government (Scotland) Act 2003 and associated regulations, which were both revised in December 2017. These require the Council to comply with CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management and Investment Regulations. The Council's management of treasury risks are structured to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services by:

- formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- the adoption of a Treasury Management Strategy Statement and incorporating this into the Council's Financial Regulations;
- approving annually in advance the Council's prudential and treasury indicators and reporting on performance;
- approving an Investment Strategy for the forthcoming year.

### Credit Risk

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

The credit criteria in respect of financial assets held by the Council at 31 March 2020 are detailed below.

Financial Asset Category	Criteria
Banks	Long-Term BBB+
Building Societies	Long-Term BBB+
Money Market Funds	Long-Term AAmmf (Fitch) or equivalent

The maximum investment with the Council's own bankers (Bank of Scotland) is £10m and other organisations meeting the above criteria is £5m.

In addition to the above, the Council can also invest in Local Authorities and the Debt Management Office. A limit of £5m is set for any Local Authority and there is no limit for the Debt Management Office as it is part of HM Treasury which has the UK Government's AA+ rating.

## Note 45 Nature and Extent of Risks Arising from Financial Instruments (continued)

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year. The Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

	Estimated maximum exposure to default and uncollectability	Amounts at 31 March	Historical experience of default	Historical experience adjusted for market conditions as at 31 March 2020	Estimated maximum exposure to default and uncollectability
	£000	£000	%	%	£000
Customers	1,006	2,991	32.44	32.44	839
<b>Total</b>	<b>1,006</b>	<b>2,991</b>			<b>839</b>

### Debtors

The Council does not generally allow credit for customers. As a result, £2.708m of the £2.721m balance is past its due date for payment (2018/19 £2.997m). The past due, but not impaired amount can be analysed by age as follows:

	2018/19	2019/20
	£000	£000
Less than six months	1,605	1,513
Six months to one year	377	312
More than one year	1,015	883
<b>Total</b>	<b>2,997</b>	<b>2,708</b>

The impairments made, analysed by age are as follows:

	2018/19	2019/20
	£000	£000
Less than six months	-	-
Six months to one year	189	156
More than one year	1,015	883
<b>Total</b>	<b>1,204</b>	<b>1,039</b>

### Liquidity Risk

The Council has access to a facility to borrow from the Public Works Loan Board. As a result there is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

Although the Council has 20.76% of its current debt maturing within the period 2051/52 to 2055/56, it is continually reviewing its borrowing position to minimise the financial impact of debt maturing at any one time in the future and possibly exposing the Council to unfavourable interest rates. With the assistance of its treasury advisers, the Council manages this risk through prudent planning of new loans taken out where economic to do so.



## Note 45 Nature and Extent of Risks Arising from Financial Instruments (continued)

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

	2018/19		2019/20	
	£000		£000	
		Average Rate		Average Rate
Repayment less than 1 year	40,469	2.80%	67,190	3.22%
Repayment between 1 and 2 years	8,325	2.80%	8,286	4.58%
Repayment between 2 and 5 years	21,092	2.80%	21,092	11.56%
Repayment between 5 and 10 years	21,197	3.52%	19,946	11.72%
Repayment between 10 and 15 years	16,482	6.09%	22,150	9.17%
Repayment in more than 15 years	107,326	5.90%	99,326	5.54%
	<b>214,891</b>		<b>237,990</b>	

The above figures are the contractual maturity amounts of the loans.

All creditors are due to be paid in less than one year.

### Market Risk

#### 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 of the fair value of an instrument.

The current interest rate risk for the Council 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.
- 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 a number of strategies for managing interest rate risk:

- It is the policy of the Council to limit its exposure to variable rate borrowing to a maximum of 25% of total borrowing.
- During periods of falling rates and where it is economically advantageous, the Council will consider the repayment or restructuring of fixed interest rate loans.
- The Council monitors interest rates daily to assist in decisions for lending of surplus cash and new borrowings.

The Council has a strategy for assessing interest rate exposure. The analysis will advise whether new borrowing taken out is fixed or variable. During 2019/20 the Council did take out several variable rate temporary borrowing loans.

According to this assessment strategy, at 31 March 2020, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	2018/19	2019/20
	£000	£000
Increase in interest payable on variable rate borrowing	92	312
<b>Impact on Comprehensive Income and Expenditure Statement</b>	<b>92</b>	<b>312</b>

## Housing Revenue Account Income and Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost for the year ended 31 March 2020 of providing housing services in accordance with generally accepted accounting practices rather than the amount to be funded from rents and government grants. Councils charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

<b>2018/19</b>	<b>2019/20</b>
<b>£000</b>	<b>£000</b>
<b>Income</b>	
(18,638) Dwelling Rents	(18,901)
(192) Non Dwelling Rents	(187)
(527) Other Income	(580)
<b>(19,357) Total Income</b>	<b>(19,668)</b>
<b>Expenditure</b>	
4,312 Supervision and Management	4,030
6,846 Repairs and Maintenance	6,255
114 Bad and Doubtful Debts	172
6,680 Depreciation and Impairment of Non-Current Assets	7,066
5,452 Revaluation losses on Non-Current Assets	1,879
40 HRA Share of Corporate and Democratic Core Costs	40
456 Other Expenditure	444
<b>23,900 Total Expenditure</b>	<b>19,886</b>
<b>4,543 Net Cost of HRA Services</b>	<b>218</b>
4 (Gain)/loss on sale of HRA Non-Current Assets	-
2,791 Interest Payable and Similar Charges	2,887
(50) Interest and Investment Income	(60)
53 Net Interest on the Defined Benefit Liability	63
(3,133) Capital Grants and Contributions Receivable	(6,779)
<b>4,208 (Surplus)/Deficit for the Year on HRA Services</b>	<b>(3,671)</b>

## Movement on the Housing Revenue Account Statement

2018/19	2019/20
£000	£000
4,208 (Surplus)/Deficit for the Year on the HRA Income and Expenditure Account	63
<b>Adjustments between accounting basis and funding basis under regulations</b>	
Difference between interest payable and similar charges determined in accordance with	
93 the Code and those determined in accordance with statute	95
(4) Net gain or loss on sale of HRA non-current assets	-
4,679 Capital expenditure funded by the Housing Revenue Account	4,345
Transfers to/from the Capital Adjustment Account:	
(6,680) Depreciation and Impairment of Non-Current Assets	(7,066)
(5,452) Revaluation losses on Property, Plant and Equipment	(1,879)
- Movement on revaluation of Investment Property	
944 Loans fund principal repayments	1,114
3,133 Capital Grants applied	6,779
<b>921 Net Decrease Before Transfers to Reserves</b>	<b>3,451</b>
<b>Transfers to/(from) Reserves</b>	
16 IORB and Statutory Funds	19
(679) Transfers from the General Fund as directed by the Minister	(450)
(286) HRA share of contributions to/(from) the Pensions Reserve	(346)
(12) Employee Statutory Adjustment Account	13
<b>(961)</b>	<b>(764)</b>
<b>(40) (Increase)/decrease in the year on the HRA</b>	<b>2,687</b>
<b>(1,132) Housing Revenue Account Balance Brought Forward</b>	<b>(1,172)</b>
<b>(1,172) Housing Revenue Account Balance Carried Forward</b>	<b>1,515</b>

## Notes to the Housing Revenue Account

### 1. Number and Type of Dwelling House

The Council dwelling house stock as at 31 March was as follows:-

		2018/19	2019/20
		Number of Dwellings	Number of Dwellings
Bedsit	Houses and Bungalows	20	20
	Flats and Maisonettes	24	24
1 bedroom	Houses and Bungalows	1,079	1,079
	Flats and Maisonettes	659	667
2 bedroom	Houses and Bungalows	2,176	2,178
	Flats and Maisonettes	687	687
3 bedroom	Houses and Bungalows	1,219	1,227
	Flats and Maisonettes	99	99

### 2. Rent Arrears

The total rent arrears, including rents outstanding from former tenants, as at 31 March 2020 was £0.562m which is 2.97% of gross rental income. This is equivalent to £91.55 per house (2018/19 £0.430m, 2.31%, £70.42).

### 3. Bad Debt Provision

The provision for uncollectable debts has decreased by £0.002m (decrease in 2018/19 £0.027m). The total provision for uncollectable debts including rechargeable repairs is £0.227m (2018/19 £0.229m).

### 4. Voids

The loss of rental on void properties for the year was £0.185m (2018/19 £0.166m).

## Council Tax Income Account

The Council Tax Income Account (Scotland) shows the gross income raised from Council taxes levied and deductions made under Statute. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement.

On 1 April 1993, the Council Tax replaced the Community Charge. It is a property based tax which relates to the capital value of domestic properties at 1st April 1991, as determined by the Assessor, with each property being placed in a Valuation Band, between A and H. The Assessor publishes a Valuation List which contains information on each property and the band to which it has been assigned. All properties in the Valuation List are liable for Council Tax, but some may be exempt from payment or may attract a discount depending on whether they are unoccupied, the number of persons in occupation and/or the status of the person(s) resident.

<b>2018/19</b>		<b>2019/20</b>
<b>£000</b>		<b>£000</b>
53,238	<b>Council Tax Levied and Contributions in Lieu</b>	56,445
	Deduct:	
(3,741)	Local Council Tax Reduction Scheme	(3,762)
(7,944)	Other discounts and reductions	(8,441)
<b>41,553</b>	<b>Total for Year</b>	<b>44,242</b>
28	Council Tax adjustment in respect of prior years	(118)
(505)	Allowance for impairment of uncollectable debts	(401)
<b>41,076</b>	<b>Transfers to General Fund</b>	<b>43,723</b>

### Council Tax Levy

In order to encourage empty home owners to bring their properties back into use to increase the supply of housing in Scotland, the Scottish Government introduced the Local Government Finance (Unoccupied Properties etc.) (Scotland) Act 2012. This legislation allowed Councils to remove the discount for Council Tax on certain types of unoccupied homes and to increase the level of Council Tax payable on these properties.

The new powers came into effect on 1 April 2013 and Moray Council decided to use these new powers to introduce an additional levy on properties which have been unoccupied for more than twelve months. This additional levy was set at 50% from 1 April 2014 rising to 100% from 1 April 2015. During 2019/20 Moray Council collected £0.4m (£0.3m in 2018/19) from the implementation of this policy. This amount is included in the figures above.

### Council Tax Banding

A change to Council Tax legislation made by Scottish Government on 1 April 2017 resulted in an increase in the amount of Council Tax levied on properties in Bands E to H in relation to Band D. The calculation of the Council Tax charge for Bands A to D was unaffected by this change in legislation.

## Council Tax Income Account (continued)

### Calculation of Council Tax Base Number of Dwellings

Discounts					Ratio to Band D	Band D Equivalent
	Number of Dwellings	Number of Exemptions/ Reliefs	25%	Other	Total Equivalent Dwellings	
Band A	11,995	793	1,530	227	9,445	6/9
Band B	10,524	503	1,024	208	8,789	7/9
Band C	6,981	418	542	141	5,880	8/9
Band D	6,497	511	401	111	5,474	9/9
Band E	6,158	249	303	94	5,512	473/360
Band F	2,267	54	78	47	2,088	585/360
Band G	679	24	20	22	613	705/360
Band H	109	53	2	5	49	882/360
	<b>45,210</b>	<b>2,605</b>	<b>3,900</b>	<b>855</b>	<b>37,850</b>	<b>35,786</b>
Add: Contributions in Lieu						919
Less: Provision for non-collection						551
<b>Council Tax Base 2019/20</b>						<b>37,256</b>

### Calculation of Council Tax

In 2019/20, the charges for each band were as follows:

Band	Property Value £	Number of Properties	Council Tax Charge £
A	Up to 27,000	6,294	£841.20
B	27,000 - 35,000	6,836	£981.40
C	35,001 - 45,000	5,227	£1,121.60
D	45,001 - 58,000	5,474	£1,261.80
E	58,001 - 80,000	7,242	£1,657.87
F	80,001 - 106,000	3,393	£2,050.43
G	106,001 - 212,000	1,200	£2,471.03
H	Above 212,000	120	£3,091.41

## Non-Domestic Rate Income Account

The Non-Domestic Rate Account (Scotland) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. The statement shows the gross income from the rates and deductions made under statute. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool.

The occupiers of non-domestic properties are liable to pay rates which are assessed on their property's rateable value. Each property is assigned a rateable value by the Assessor, which is published in the Valuation Roll. The non-domestic rates poundage, which is used to calculate the amount of rates payable, is set by Scottish Government Ministers.

In 2019/20 the rate poundage was 49.0p (48.0p in 2018/19). Properties with a rateable value of more than £0.051m attract a Large Business Supplement of 2.6p (2.6p in 2018/19).

Properties with a rateable value of up to £0.018m qualified for a reduction on a sliding scale of between 25% and 100% of their rates bill under the Small Business Bonus Scheme.

The rates collected from non-domestic ratepayers during the year are shown below. Any difference between the rates collected and the amount the Council is guaranteed to receive under the National Pooling arrangements is adjusted via the General Revenue Grant paid by the Scottish Government to the Council.

The Scottish Government introduced the Business Rates Incentivisation Scheme (BRIS) from April 2012 to encourage Local Authorities to maximise their existing business rates income and encourage new business start-up. The Scottish Government set a target for each Local Authority and the Local Authority retains 50% of any additional income above the target.

2018/19		2019/20
£000		£000
56,390	<b>Gross Rates Levied</b>	61,712
	Deduct:	
(9,245)	Reliefs and Other Deductions	(13,096)
-	Write-offs of uncollectable debts and allowance for impairment	(3)
<b>47,145</b>	<b>Net Non-Domestic Rate Income</b>	<b>48,613</b>
(844)	Adjustments to previous years' National Non-Domestic Rates	(707)
<b>46,301</b>		<b>47,906</b>
(452)	Business Rates Incentivisation Scheme (BRIS) retention	(1,859)
(5,698)	Contribution (to)/from National Pooling	(2,484)
<b>40,151</b>	<b>Guaranteed Rate Income</b>	<b>43,563</b>
452	BRIS retention	1,859
<b>40,603</b>	<b>Amount credited to the Comprehensive Income and Expenditure Statement</b>	<b>45,422</b>

## Non-Domestic Rate Income Account (continued)

### Analysis of Rateable Values and Numbers of Entries at 1 April 2019

	<b>Number of Entries</b>	<b>2019/20 Rateable Value £000</b>
Shops	920	19,463
Public Houses	56	1,015
Offices (including Banks)	500	5,803
Hotels, Boarding Houses, etc.	107	2,897
Industrial and Freight Transport Subjects	1,256	51,989
Leisure, Entertainment Caravans and Holiday Sites	766	3,742
Garages and Petrol Stations	122	1,404
Cultural	19	219
Sporting Subjects	571	750
Education and Training	83	7,666
Public Service Subjects	277	13,871
Communications (Non-Formula)	15	1,607
Quarries, Mines, etc.	33	382
Petrochemical	5	723
Religious	158	1,190
Health Medical	52	2,478
Other	442	689
Care Facilities	55	1,996
Advertising	18	33
Undertaking	20	4,212
	<b>5,475</b>	<b>122,129</b>

A revaluation of the rateable values of all non-domestic properties was implemented on 1st April 2017.



## **Trust Funds**

The Council administers 59 trust funds, acting as sole trustee for 55 trusts and as one of several trustees for a further 4 funds. These accounts do not represent a charge to Council Tax payers but form part of the statutory reporting requirements of the Council. They represent funds set up by various individuals and organisations for the benefit of the community or organisations within the Moray area.

The statements below summarise the trust funds' income and expenditure for the year and the funds' assets and liabilities at 31 March 2020.

## **Trust Reorganisation**

The Council is currently undertaking a review of its trusts, in consultation with the Office of the Scottish Charities Regulator (OSCR), to identify options for restructuring its existing charitable and non-charitable trusts in order to create a smaller number of trusts with improved governance arrangements and with the opportunity to maximise the use of these resources to the benefit of the citizens of Moray. In August 2016, The Moray Council Charitable Trust was awarded charitable status under the Charities and Trustee Investment (Scotland) Act 2005.

## **Accounting Policies**

### **Basis of Preparation**

The financial statements for the charitable trusts have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice 2015, applicable to charities preparing their accounts, in accordance with the Financial Reporting Standard 102 (FRS 102), applicable for the UK and Republic of Ireland, commonly referred to as the Charities SORP which is effective for accounting periods beginning on or after 1 January 2015. The financial statements have been prepared under the historical cost convention as modified by the inclusion of investments at fair value, in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

In line with Regulation 7 of the 2006 Regulations, these financial statements have been prepared on the basis that the trust funds for which it acts as sole trustee are connected charities. As such the accounts for these individual charities have been prepared on a collective basis for the Council. Separate financial statements covering all the Council's charitable trusts are published on the Council's website.

The financial statements for the non-charitable trusts have been prepared in accordance with the code of practice on Local Authority Accounting in the United Kingdom 2019/20.

As far as concerns the trusts reported in these financial statements, application of different reporting standards does not produce inconsistent results.

### **Investment Income**

Investment income is accounted for in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty.

### **Resources expended**

Expenditure is included in the financial statements on an accruals basis.

### **Investments**

Investments are included at fair value at the balance sheet date in accordance with the principles of the SORP. Investment gains and losses include any gain or loss on the sale of investments and any gain or loss resulting from revaluing investments to fair value at the end of the period.

## Trust Funds Income and Expenditure Account

2018/19		2019/20	
Connected Charitable	Other	Connected Charitable	Other
£000	£000	£000	£000
<b>Income</b>			
(23)	(91)	(25)	(101)
-	(77)	-	(76)
-	(147)	-	(976)
(8)	(30)	-	-
(5)	(30)	-	(27)
<b>(36)</b>	<b>(375)</b>	<b>(25)</b>	<b>(1,180)</b>
<b>Income</b>			
<b>Expenditure</b>			
19	60	12	62
6	9	7	11
10	123	-	63
-	-	75	309
-	107	-	126
<b>35</b>	<b>299</b>	<b>94</b>	<b>571</b>
<b>Expenditure</b>			
<b>-</b>	<b>(77)</b>	<b>69</b>	<b>(609)</b>
<b>(Surplus)/Deficit for the year</b>			
8	70	(75)	541
<b>8</b>	<b>(7)</b>	<b>(6)</b>	<b>(68)</b>
<b>(Increase)/Decrease in Revenue Reserves</b>			

## Trust Funds Balance Sheet

2018/19			2019/20		
Connected Charitable £000	Other £000		Connected Charitable £000	Other £000	
-	4,556	Property, Plant and Equipment	-	5,400	Note 1
-	74	Investment Properties	-	80	Note 3
518	2,143	Long Term Investments	443	1,834	Note 4
<b>518</b>	<b>6,773</b>	<b>Long Term Assets</b>	<b>443</b>	<b>7,314</b>	
1	4	Debtors	1	5	
423	1,551	Loans Fund Balance	429	1,619	
<b>424</b>	<b>1,555</b>	<b>Current Assets</b>	<b>430</b>	<b>1,624</b>	
(5)	(11)	Creditors	(5)	(12)	
<b>(5)</b>	<b>(11)</b>	<b>Current Liabilities</b>	<b>(5)</b>	<b>(12)</b>	
<b>937</b>	<b>8,317</b>	<b>Net Assets</b>	<b>868</b>	<b>8,926</b>	
-	65	Capital Adjustment Account	-	65	
-	4,541	Revaluation Reserve	-	5,391	
273	1,129	Available for Sale Financial Instruments Reserve	198	820	
664	2,582	Revenue Balance	670	2,650	
<b>937</b>	<b>8,317</b>	<b>Total Reserves</b>	<b>868</b>	<b>8,926</b>	

## Notes to the Trust Fund Accounts

### Note 1 Property, Plant and Equipment

Property, plant and equipment is valued on the basis recommended by CIPFA and the valuation report is produced by the Council's Estates Manager who is a Member of the Royal Institute of Chartered Surveyors. The assets are valued on a 5 year rolling programme and have been prepared in accordance with the provisions of the Royal Institution of Chartered Surveyors Valuation - Professional Standards January 2014.

Property, plant and equipment is classified into groupings required by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Assets have been valued on the following basis:-

Other Land and Buildings	- Existing Use Value (EUV) or Depreciated Replacement Cost (DRC)
Community Assets	- Historic Cost where available

Depreciation:

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

Other Land and Buildings	- Buildings up to 55 years, land is not depreciated
Community Assets	- Rights and land are not depreciated

Movements of property, plant and equipment were as follows:

#### 2018/19

	Other Land and Buildings	Community Assets	Total
	£000	£000	£000
Gross Book Value at 1 April 2018	4,720	15	4,735
Revaluations	129	-	129
Additions	-	-	-
<b>Gross Book Value at 31 March 2019</b>	<b>4,849</b>	<b>15</b>	<b>4,864</b>
Accumulated Depreciation at 1 April 2018	219	-	219
Revaluations	(18)	-	(18)
Charge for the Year	107	-	107
<b>Depreciation at 31 March 2019</b>	<b>308</b>	<b>-</b>	<b>308</b>
<b>Net Book Value at 31 March 2019</b>	<b>4,541</b>	<b>15</b>	<b>4,556</b>

#### 2019/20

	Other Land and Buildings	Community Assets	Total
	£000	£000	£000
Gross Book Value at 1 April 2019	4,849	15	4,864
Revaluations	98	-	98
Additions	734	-	734
<b>Gross Book Value at 31 March 2020</b>	<b>5,681</b>	<b>15</b>	<b>5,696</b>
Accumulated Depreciation at 1 April 2019	308	-	308
Revaluations	(138)	-	(138)
Charge for the Year	126	-	126
<b>Depreciation at 31 March 2020</b>	<b>296</b>	<b>-</b>	<b>296</b>
<b>Net Book Value at 31 March 2020</b>	<b>5,385</b>	<b>15</b>	<b>5,400</b>

## Note 2 Heritage Assets

The following table shows assets which may be regarded as Heritage assets, but which have not been included in the Balance Sheet as the Council considers that obtaining valuations would involve disproportionate cost and that reliable cost or valuation information cannot be obtained for these items. The Code therefore permits such assets to be excluded from the Balance Sheet.

<b>Assets Excluded from Heritage Assets</b>	<b>Estimated number of assets 31 March 2020</b>
Monuments and Fountains	2

## Note 3 Investment Properties

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

	<b>2018/19</b>	<b>2019/20</b>
	<b>£000</b>	<b>£000</b>
Balance at start of the year	74	74
Net gains/(losses) from fair value adjustments	-	6
<b>Balance at end of the year</b>	<b>74</b>	<b>80</b>

## Note 4 Long Term Investments

Long Term Investments are a mixed portfolio of Unit Trusts.

## Note 5 Trust Details

**Funds for which The Moray Council act as Sole Trustee**

<b><u>Fund</u></b>	<b>Income</b>	<b>Expenditure</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Registered Charitable Trusts</b>				
29 Registered Charitable Trusts, each with Assets less than £50,000	(3)	3	174	(1)
Cumine of Auchray <i>Established to provide for decayed merchants of the Burgh of Elgin</i>	(2)	-	133	-
Moray & Nairn Educational <i>Grants payable to persons resident in the former combined County of Moray &amp; Nairn, including University &amp; Central Institution Bursaries; Adult Education; School Equipment; Sports facilities; Travel Grants and School Excursions</i>	(20)	91	566	(4)
	<b>(25)</b>	<b>94</b>	<b>873</b>	<b>(5)</b>

## Note 5 Trust Details (continued)

<u>Fund</u>	<b>Income</b> <b>£000</b>	<b>Expenditure</b> <b>£000</b>	<b>Assets</b> <b>£000</b>	<b>Liabilities</b> <b>£000</b>
<b>Other Trusts</b>				
6 Non Registered Trusts, each with Assets less than £50,000	(2)	7	121	-
Longmore Hall				
<i>Village Hall for the use of the community</i>	(237)	31	1,122	-
Glenisla Comforts Fund	(4)	13	133	-
<i>For the benefit of the residents of Glenisla Care Home</i>				
Speyside Comforts Fund	(2)	6	59	-
<i>For the benefit of the residents of Speyside Nursing Home</i>				
The Pringle Trust	(2)	2	102	-
<i>Established to make payments annually to Ministers, serving and emeriti of the Church of Scotland, Baptist and Free Church of Scotland</i>				
William Lawtie	(9)	2	197	-
<i>For the Poor of Cullen</i>				
The MacDonald Benevolent Fund	(5)	11	272	-
<i>Established in 1989 for persons in need of financial assistance particularly in Dufftown as decided by the Social Work Department</i>				
Milne's Institution Trust	(9)	43	243	-
<i>The free annual income to be applied as The Moray Council thinks fit for the purposes of the educational enrichment of pupils attending Milne's High School and Milne's Primary School. The income shall be apportioned to the schools on a pro rata basis by reference to attendance rolls of the respective schools</i>				
Laing Mortification	(4)	-	302	-
<i>For the benefit of a decayed merchant resident in Elgin.</i>				
Craigmoray Bequest (Bishopmill)	(11)	34	389	-
<i>For the benefit of the residents of Craigmoray Care Home</i>				

## Note 5 Trust Details (continued)

<u>Fund</u>	<b>Income</b>	<b>Expenditure</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Ladyhill Public Trust <i>Provides homes for two veterans from the Elgin area</i>	-	5	114	-
Jubilee Cottages Public Trust <i>Trust established by monies raised during Queen Victoria's Diamond Jubilee for the purposes of providing low cost housing</i>	(1)	11	604	-
Cooper Park Public Trust <i>Trust established at turn of last century to provide Elgin library and reading rooms and parkland for recreation – all for the inhabitants of Elgin</i>	(60)	57	401	-
River Lossie Public Trust <i>Established mid 1800's to provide ground for recreation for the people of Elgin</i>	(40)	34	891	-
Grant Park Public Trust <i>Trust incorporating the public convenience, tea room/shop and the cricket and bowling pavilions, to be used for the benefit of the community of Forres</i>	(119)	26	981	-
Miltonduff Hall <i>Established to provide space for local groups for education, recreation etc</i>	-	8	372	-
Logie Cottage <i>Established to provide a free home or house of rest to a respectable retired couple or single woman in Forres</i>	-	4	85	-
Fife Park, Keith Public Trust <i>Trust incorporating the playing field, pavilion and public convenience</i>	-	2	54	-
Portknockie Bowling Club Public Trust <i>Tennis &amp; Bowling Club located in Portknockie</i>	-	4	185	-
Flemming Hall Aberlour	(617)	13	604	-
	<u>(1,122)</u>	<u>313</u>	<u>7,231</u>	<u>-</u>

## Note 5 Trust Details (continued)

<u>Fund</u>	<b>Income</b>	<b>Expenditure</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Funds for which The Moray Council acts as one of several trustees</b>				
<b>Registered Charitable Trusts</b>				
Auchernack Trust <i>For the benefit of the elderly community of the Forres Area who are in need of relief by reason of advanced age</i>	(22)	96	677	(1)
	<u>(22)</u>	<u>96</u>	<u>677</u>	<u>(1)</u>
<b>Other Trusts</b>				
Donald Manson (Edinkillie) Fund <i>3 Bursaries for children living in the Parish of Edinkillie in S1 as well as one Further Education Bursary for a student aged under 18. The annual balance of the fund is payable to Forres Academy</i>	(11)	50	307	(9)
Donald Manson (Forres) Fund <i>One bursary for a child living in the Burgh of Forres in S1. The annual balance of the fund is payable to Forres Academy</i>	(3)	12	87	(2)
Banffshire Educational Trust <i>Grants payable to persons resident in the former County of Banffshire, including University, Post Graduate, Apprentices &amp; Trainees; School Equipment; Sports Facilities; Support of Clubs; Promoting Education in Drama, Music &amp; Visual Arts; Travel Grants and School Excursions.</i>	(22)	100	636	-
	<u>(36)</u>	<u>162</u>	<u>1,030</u>	<u>(11)</u>
<b><u>Fund</u></b>	<b>Income</b>	<b>Expenditure</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Summary</b>				
Connected Charitable Trusts	(25)	94	873	(5)
Other Trusts	<u>(1,180)</u>	<u>571</u>	<u>8,938</u>	<u>(12)</u>
Total	<u>(1,205)</u>	<u>665</u>	<u>9,811</u>	<u>(17)</u>



## Common Good Funds

The Council administers the Common Good Funds which consist of all property of a Royal Burgh not acquired under statutory powers or held under specific trusts. These funds were transferred to Moray District Council in 1975 and then to The Moray Council in 1996 as the successor Council under the reorganisation of Local Government.

These funds do not represent a charge to Council Tax payers but form part of the statutory reporting requirements of the Council. They represent funds set up for the benefit of the community or organisations within the Moray area.

The Accounts for Common Good have been prepared according to the LAASAC Guidance *Accounting for Common Good (December 2007)* which is consistent with proper accounting required by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

## Accounting Policies

Accounting Policies adopted for the Common Good are the same as those adopted for the Moray Council with the exception of the application of IAS 16 and IAS 40. IAS 16 requires that assets be depreciated and that the charge for depreciation be set against any surplus in the Income and Expenditure Account. IAS 40 requires any movement in the fair value of investment properties to be recognised in the surplus or deficit in the Income and Expenditure Account.

## Common Good Funds Income and Expenditure Account

31 March 2019		31 March 2020
£000		£000
	<b>Income</b>	
(2)	Property	(3)
(96)	Investment Income	(105)
-	Other Income	-
(189)	Net Movement in Fair Value of Investment Property	-
(30)	Gain on Disposal of Asset	-
<b>(317)</b>	<b>Total Income</b>	<b>(108)</b>
	<b>Expenditure</b>	
3	Property Costs	6
5	Administrative Costs	5
56	Donations, Grants etc	40
2	Other Costs	19
440	Depreciation	661
-	Loss on Disposal of Asset	127
-	Net Movement in Fair Value of Investment Property	1,740
<b>506</b>	<b>Total Expenditure</b>	<b>2,598</b>
<b>189</b>	<b>(Surplus)/Deficit for the Year</b>	<b>2,490</b>
31	(Surplus) on revaluation of Non-current Assets	(5,782)
<b>220</b>	<b>Total Comprehensive Net (Income)/Expenditure</b>	<b>(3,292)</b>

Note 1

## Common Good Funds Balance Sheet

31 March 2019			31 March 2020
£000			£000
12,434	Property, Plant & Equipment	<b>Note 1</b>	17,398
204	Heritage Assets	<b>Note 2</b>	204
4,106	Investment Property	<b>Note 3</b>	2,366
<b>16,744</b>	<b>Long Term Assets</b>		<b>19,968</b>
1	Inventories		1
6	Debtors		8
3,457	Loans Fund Balance		3,522
<b>3,464</b>	<b>Current Assets</b>		<b>3,531</b>
(7)	Creditors		(6)
<b>(7)</b>	<b>Current Liabilities</b>		<b>(6)</b>
<b>20,201</b>	<b>Net Assets</b>		<b>23,493</b>
12,628	Revaluation Reserve		17,592
7,573	Revenue Reserve		5,901
<b>20,201</b>	<b>Total Reserves</b>		<b>23,493</b>

## Summary of Funds

31 March 2019		31 March 2020	
Total Funds		Invested in	Total Funds
£000		Loans Fund	£000
3,588	Buckie	1,520	4,117
186	Cullen	59	186
14	Dufftown	14	14
9,157	Elgin	1,510	13,686
6,218	Forres	360	4,309
52	Portknockie	51	51
202	Keith	7	297
296	Lossiemouth	-	288
488	Findochty	1	545
<b>20,201</b>	<b>TOTAL</b>	<b>3,522</b>	<b>23,493</b>

## Notes to the Common Good Accounts

### Note 1 Property, Plant and Equipment

Property, plant and equipment is valued on the basis recommended by CIPFA and the valuation report is produced by the Council's Estates Manager who is a Member of the Royal Institute of Chartered Surveyors. The assets are valued on a 5 year rolling programme and have been prepared in accordance with the provisions of the Royal Institution of Chartered Surveyors Valuation - Professional Standards January 2014.

Property, plant and equipment is classified into groupings required by the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Assets have been valued on the following basis:-

Other Land and Buildings	-	Existing Use Value (EUV) or Depreciated Replacement Cost (DRC)
Community Assets	-	Historic Cost where available
Surplus Assets	-	Market value

Depreciation

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

Other Land and Buildings - Buildings up to 60 years, land is not depreciated

Surplus Assets - land is not depreciated

Movements of Property Plant and Equipment were as follows:

#### 2018/19

	Other Land & Buildings £000	Surplus Assets £000	Assets Held For Sale £000	Total £000
Gross Book Value at 1 April 2018	13,504	875	-	14,379
Revaluations	47	(120)	-	(73)
Reclassifications	(30)	(5)	35	-
Disposals	-	-	(5)	(5)
Gross Book Value at 31 March 2019	<b>13,521</b>	<b>750</b>	<b>30</b>	<b>14,301</b>
Accumulated Depreciation at 1 April 2018	1,467	2	-	1,469
Revaluations	(40)	(2)	-	(42)
Charge for the Year	440	-	-	440
Depreciation at 31 March 2019	<b>1,867</b>	<b>-</b>	<b>-</b>	<b>1,867</b>
<b>Net Book Value at 31 March 2019</b>	<b>11,654</b>	<b>750</b>	<b>30</b>	<b>12,434</b>

## Note 1 Property, Plant and Equipment (continued)

2019/20

	Other Land & Buildings £000	Surplus Assets £000	Assets Held For Sale £000	Total £000
Gross Book Value at 1 April 2019	13,521	750	30	14,301
Revaluations	4,471	(425)	-	4,046
Reclassifications	-	-	-	-
Disposals	(139)	-	(30)	(169)
Gross Book Value at 31 March 2020	<b>17,853</b>	<b>325</b>	<b>-</b>	<b>18,178</b>

## Note 2 Heritage Assets

This note details the movement in Heritage Assets during the years 2018/19 and 2019/20.

	Fine Art £000	Chains of Office £000	Total Heritage Assets £000
Valuation at 1 April 2018	125	79	204
Revaluations	-	-	-
<b>At 31 March 2019</b>	<b>125</b>	<b>79</b>	<b>204</b>
Valuation at 1 April 2019	125	79	204

The Chains of Office were independently valued during 2012/13 and 2013/14 by William Windwick, PJDip FGA FNAG MIRV, a member of the Institute of Registered Valuers.

The following table shows assets that may be regarded as Heritage Assets, but which have not been included in the Balance Sheet as the Council considers that obtaining valuations would involve disproportionate cost and that reliable cost or valuation information cannot be obtained for these items. The Code therefore permits such assets to be excluded from the Balance Sheet.

	Estimated number of assets 31 March 2019
Monuments and Fountains	3
Nelson Tower	1

### Note 3 Investment Property

The following items of income and expense have been accounted for in Investment Income in the Income and Expenditure Account:-

	2018/19	2019/20
	£000	£000
Rental income from investment property	43	51
<b>Net gain</b>	<b>43</b>	<b>51</b>

There are some restrictions from the original benefactors on the Common Good's ability to realise the value inherent in its investment property. The Common Good has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

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

	2018/19	2019/20
	£000	£000
Balance at start of the year	3,917	4,106
Net gains /(loss) from fair value adjustments	189	(1,740)
<b>Balance at end of the year</b>	<b>4,106</b>	<b>2,366</b>

## **Glossary of Terms**

### **Capital Expenditure**

This is expenditure incurred in creating, acquiring or improving assets. The expenditure is normally financed by borrowing over a period of years, or utilising the income from the sale of existing assets.

### **CIPFA**

Chartered Institute of Public Finance and Accountancy

### **Current value**

For operational land and buildings, current value is the amount that would be paid for the asset in its existing use.

### **Economic Cost**

The total cost of performing an activity or following a decision or course of action.

### **Fair Value**

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.

### **IFRS**

International Financial Reporting Standard

### **LASAAC**

Local Authority (Scotland) Accounts Advisory Committee

### **Public Works Loan Board (PWLb)**

A Government Agency which provides loans to the Council.

### **Revenue Expenditure**

This is expenditure incurred in providing services in the current year and which benefits that year only.

### **SeRCOP**

Service Reporting Code of Practice

### **The Code**

The Code of Practice on Local Authority Accounting in the United Kingdom

## **Sources of Additional Information**

The Annual Accounts is one of several documents published by Moray Council and CIPFA giving financial information on the services provided in the Moray Area. Other annual publications are: -

- The Capital and Revenue Budget, published on the Council's website giving detailed expenditure plans for the following financial year.
- Council Tax Information Leaflets (forming Part 2 of the Council Tax Demand Notice) issued by the Council giving a summary of expenditure plans for the following year.
- Rating Review published by the Scottish Branch of CIPFA giving comparative statistics for all Scottish Local Authorities on local authority expenditure and service provision.