

# Notes to the Core Financial Statements

## 24. USABLE AND UNUSABLE RESERVES

Movements in Usable Reserves are shown in detail on the Movement in Reserves Statement.

|                                    | 31 March       |                |
|------------------------------------|----------------|----------------|
|                                    | 2014<br>£000   | 2013<br>£000   |
| Revaluation Reserve                | 12,587         | 7,934          |
| Capital Adjustment Account         | 397,913        | 374,915        |
| Pensions Reserve                   | (57,820)       | (75,357)       |
| Deferred Capital Receipts Reserve  | 1,504          | 1,384          |
| Collection Fund Adjustment Account | (275)          | 15             |
| Accumulated Absences Account       | (163)          | (147)          |
| <b>Total Unusable Reserves</b>     | <b>353,746</b> | <b>308,744</b> |

### Revaluation Reserve

The revaluation reserve contains the gains made by the Council arising from increases in the value of Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and gains are consumed through depreciation, or
- disposed of and the gains are realised

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

|                              | 31 March      |              |
|------------------------------|---------------|--------------|
|                              | 2014<br>£000  | 2013<br>£000 |
| Balance as at 1 April        | 7,934         | 8,060        |
| Revaluations during the year | 4,534         | 459          |
| Depreciation adjustment      | 122           | (585)        |
| Restatement                  | (3)           | -            |
| <b>Balance at 31 March</b>   | <b>12,587</b> | <b>7,934</b> |

### Capital Adjustment Account

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

The Account contains accumulated gains and losses on Investment Properties and gains recognised as donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 6 details the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

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|   | 31 March |                |
|---|----------|----------------|
|   | 2014     | 2013           |
|   | £000     | £000           |
| <b>Balance at 1 April</b>   |          | 374,915        |
| <b>Reversal of items relating to capital expenditure debited or credited to the CIES</b>                    |          |                |
| Charges for depreciation and impairment of non-current assets   | (15,495) | (14,991)       |
| Revaluation gains/(losses) on Property, Plant and Equipment   | 29,868   | 19,228         |
| Amortisation of intangible assets   | (227)    | (277)          |
| Revenue expenditure funded from capital under statute   | (134)    | (707)          |
| Amounts for non-current assets written off on disposal or sale as part of gain/loss on disposal to the CIES | (3,842)  | 10,170         |
| Adjusting Amounts written out of the Revaluation Reserve  |          | (134)          |
|   |          | <b>384,951</b> |
| <b>Capital financing applied in the year</b>  |          |                |
| Use of the Capital Receipts Reserve to finance new capital expenditure                                      | 1,644    | 2,660          |
| Use of the Major Repairs Reserve to finance new capital expenditure   | 6,145    | 5,418          |
| Capital grants credited to the CIES that have been applied to capital financing                             | 480      | 730            |
| Capital expenditure charged against the General Fund and HRA balances                                       | 4,223    | 12,492         |
| Asset Revaluations  |          | 340            |
| Movement in the market value of Investment Properties debited or credited to the CIES                       |          | 470            |
|   |          | <b>(2,241)</b> |
| <b>Balance at 31 March</b>  |          | <b>397,913</b> |
|   |          | <b>374,915</b> |

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account (FIAA) was established under Financial Reporting Standards 25, 26 and 29 when Financial Instruments were adopted into the then SORP (2007), now superseded by the Code. The FIAA is not currently in use so does not form part of the Balance Sheet.