



## CPR3 Return: April to December 2012-13

### Notes for Guidance

Capital expenditure is defined as in section 16 of the Local Government Act 2003 i.e. expenditure of the authority which falls to be capitalised in accordance with proper practices, but adapted by any regulations or directions under section 16(2)\*.

Include the cost of entering into or varying credit arrangements, as defined under section 8 of the Local Government Act 2003.

Include schools capital expenditure financed by Devolved Formula Capital Grant (DFCG) where the schools are run by the local education authority. Where DFCG has been used by a local education authority to finance joint expenditure its use should be recorded if it is financing the local authority share of the expenditure.

- The regulations referred to in these notes are the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, statutory instrument no. 3146 (amended).

The CIPFA/LASAAC “Code of Practice on Local Authority Accounting in the United Kingdom” is abbreviated in these notes to the Accounting Code of Practice.

Capital receipts are defined in sections 9 and 10 of the Local Government Act 2003.

Capital expenditure and receipts should be on an accruals rather than a cash basis. The capital expenditure to be included should be that incurred during the period 1 April to 31 December 2012, and any figures relating to other periods should be excluded.

We are expecting all figures on this form to be shown as whole thousands, and normally to be positive.

The completed forms should be returned to the Department **by 31 January 2013.**

**Please insert any additional comments or information in the new box at the foot of the form.**

---

## **SECTION A: EXPENDITURE AND OTHER TRANSACTIONS**

---

Figures should exclude all negative items representing the reversal of creditors for previous years' capital expenditure.

Any cash payments in respect of previous years' capital expenditure should also be excluded.

Negative entries will be accepted if they represent the correction of an error in respect of previous years' expenditure recognised during the period covered by the form. In this case, we would appreciate a note of explanation in the box at the end of the form.

Where fixed assets have been acquired under a Finance Lease, capital expenditure should be entered on the basis required by accounting practice. This is part of the general rule that the cost of entering into or varying a credit arrangement, as defined in sections 7 and 8 of the Local Government Act 2003 and regulation 6, should be included.

### **Lines 1 to 3: Expenditure for capital purposes on tangible fixed assets**

Include in line 2 any expenditure under regulation 25(1)(e). Expenditure under regulation 25(1)(ea) should be included in whichever of CPR1 Section A lines 1 to 3 is appropriate.

Exclude expenditure on the acquisition of share capital in any body corporate; such expenditure should be included in line 8.

Exclude expenditure which will be financed by payments by Health Authorities to joint-funded schemes.

### **Line 4: Intangible fixed assets**

Covers the expenditure on intangible assets. This line should include only intangible assets that are required to be capitalised in the balance sheet as defined in the Accounting Code of Practice.

Generally intangible assets are assets of value which do not have physical substance e.g. software licences, franchises, licences and patents.

N.B. Goodwill should not be included.

### **Line 6: Expenditure on grants**

Covers expenditure under regulation 25(1)(b) and (c)

### **Line 7: Expenditure for capital purposes on loans & other financial assistance**

Covers expenditure under regulations 25(1)(b) and (c)

Exclude mortgages associated with council house sales.

### **Line 8: Acquisition of share capital**

Include expenditure on the acquisition of share capital in any body corporate, as defined under regulation 25(1)(d).

---

## **SECTION B: RECEIPTS**

---

In-year capital receipts should be gross receipts before pooling payments made under regulations 12 & 13. Capital receipts are defined in sections 9 and 10 of the Local Government Act 2003. Capital receipts from the disposal of a mortgage portfolio should be included in line 12.

Exclude notional capital receipts under section 10 and regulation 22 of the Local Government Act 2003. Where a local authority has entered into a VAT shelter agreement with an RSL and all the amounts are notional and no cash has exchanged hands, the expenditure should not be recorded as a capital receipt. The spending should be shown as Grant, in Line 6, Expenditure on Grants.

### **Lines 10-14**

Include in-year capital receipts as defined in sections 9 and 10 of the Local Government Act 2003

#### **Line 11: Sale of intangible assets**

Covers receipts from disposals of intangible assets. This line should include only intangible assets that are required to be capitalised in the balance sheet as defined in the Accounting Code of Practice.

Generally intangible assets are assets of value which do not have physical substance e.g. software licences, franchises, licences and patents.

N.B. Goodwill should not be included.

#### **Line 12: Repayments of grants, loans & other financial assistance**

As defined in Regulation 7.

Include repayments of principal of loans to Registered Social Landlords.

Include receipts from repayment of equity loans made under the Starter Home Initiative (SHI) when the property is sold.

#### **Line 13: Disposal of investments including share and loan capital**

Include receipts from the disposal of share and loan capital in any body corporate where these rank as capital receipts.

Include receipts arising from the redemption on maturity of any bond covered by regulation 7A.

---

## **MEMORANDUM BOXES**

---

These are purely for the GLA to complete. M1 is for GLA expenditure on capital grants to other local authorities; this is needed for double-counting to be avoided in the published England total for capital expenditure. M2 is for GLA expenditure on capital grants to London Underground and Docklands Light Rail.