

NOTES TO THE ANNUAL ACCOUNTS**STATEMENT 8****15.1 Types of Financial Instruments (Continued)**

The council holds 25,000 ordinary shares in Lothian Buses, representing 0.4% of the company's capital. The core purpose of Lothian Buses Limited is to deliver a high quality, integrated and socially inclusive transport service with a long term vision to be an integral part of the future success of Edinburgh and the Lothians.

As the asset is not held for trading or income generation, but as a longer term policy initiative the equity has been designated as fair value through comprehensive income.

The shares in this company are not traded in an active market and therefore the fair value of £0.292 million (£0.292 million 2022/23) is based on valuation techniques that are not based on observable current market transactions or available market data. The valuation has been made based on the current calculated share price of £11.70 multiplied by the council's shareholding. The council has no current intention to dispose of the shareholding. Lothian Buses Ltd paid a dividend in 2023/24 of £0.013 million, no dividend was paid in 2022/23.

Items of income, expense, gains and losses

The gains and losses recognised in the Income and Expenditure Account in relation to financial instruments are made up as follows:

	2023/24	2022/23
	Other Comprehensive Income and Expenditure	Other Comprehensive Income and Expenditure
	£'000	£'000
Gain / Loss on:		
Amortised Costs	-	-
Interest Expense		
Amortised Cost	32,158	27,346
PFI and finance lease liabilities	4,051	4,240
Total Interest Expense	36,209	31,586
Interest Income		
Amortised Cost	(8,449)	(4,866)
Total	27,760	26,720

15.2 Fair Value of Assets and Liabilities carried at Amortised Cost

Financial assets (represented by lending and receivables) and financial liabilities (represented by borrowings) are carried in the balance sheet at amortised cost.

Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instrument, using the following assumptions: -

- Interest rates at 31 March 2024 for PWLB vary from 1.26% to 8.25% depending on the maturity profile of the loans and for other market loans (LOBO's) from 3.75% to 4.85% again based on the maturity profile of the loans.
- No early repayments or impairment are recognised.
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is assumed to be the invoiced or billed amount.

For both assets and liabilities, the valuation basis adopted by Link Asset Services uses Level 2 inputs i.e. inputs other than quoted prices that are observable for the financial asset / liability. The accounting policy for the Fair Value Measurement is included in Statement 8 note 4 on page 54.

The fair values are calculated as follows: -

	31 March 2024		31 March 2023	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Assets				
Loans and receivables – Bonds				
The bond valuation is made by the prevailing benchmark rates	281	234	285	254
Loans and receivables - Cash				
The loans and receivables valuation is calculated using the prevailing benchmark rates	25,201	25,201	30,200	30,266
Loans and receivables - Fixed Term Deposits				
The fixed term deposit valuation is made by comparison of the fixed term investment with a comparable investment with the same / similar lender for the remaining period of the deposit	173	173	35,532	35,449
	25,655	25,608	66,017	65,969