

**NOTES TO THE ANNUAL ACCOUNTS****STATEMENT 8****Revenue Transactions**

The Revenue Accounts of the council are maintained on an accruals basis in accordance with the Code of Practice. That is, sums due to or from the council during the year are included, whether or not the cash has actually been received or paid in the year. Provision has been made for possible bad or doubtful debts in both the General Fund Account and Housing Revenue Account. There is no de minimis level for inclusion in the annual accounts for revenue transactions.

Where debtor balances for council tax are identified as impaired, the asset is written down and a charge made to the Financing and Investment Income in the Comprehensive Income and Expenditure Statement.

**Intangible Assets**

Intangible assets are non-monetary assets that do not have a physical substance but are controlled by the council. Non-current intangible assets include software which is not an integral part of IT systems within the council. The accounting treatment of intangible assets is the same as for Property, Plant and Equipment assets. The council accounts for software and licences financed through the capital programme as intangible assets and they are shown at cost. The assets are amortised over three years on a straight-line basis.

**Property, Plant and Equipment - Valuation**

All expenditure on the acquisition, creation or enhancement of property, plant and equipment has been capitalised on an accruals basis.

Operational Property, plant and equipment have been included in the balance sheet at either existing use value or depreciated replacement cost, depending on whether or not there is assessed to be an active market for the assets being revalued. Assets Under Construction and Community Assets have been included at historical cost.

Surplus assets not yet available for sale have been included in the Balance Sheet on a fair value basis using the valuation techniques for level 2 inputs, i.e. open market value.

Plant, furniture and computer equipment costing below £10,000 (2022/23 £6,000) are not treated as long term assets but are charged to the revenue account. This de minimis limit does not apply where certain categories of these assets are grouped together and form part of the approved capital programme.

Council houses have been valued at fair value using the Beacon Principle, existing use value for social housing, in accordance with the Royal Institution of Chartered Surveyors (RICS) Guidance. During 2020/21 the council houses were revalued by the Valuation Office Agency – DVS Property Specialists for the Public Sector.

Valuations have been provided by the council's Property Services and an external firm of chartered surveyors. Increases in valuations are credited to the Revaluation Reserve.

Information on the accounting for and disclosure around infrastructure assets held by the council can be found at note 14.8 on page 65.

**Property, Plant and Equipment - Capital Receipts**

Receipts arising from the sale of property, plant and equipment are credited to capital receipts and used to finance new capital expenditure. These transactions are then credited to the capital adjustment account.

**Property, Plant and Equipment - Depreciation**

Under International Accounting Standard 16 (IAS 16), where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately over the useful economic life of the component. Significance is determined by comparing the cost of components against the overall cost of the asset. The significance threshold is set at £100,000 on assets with a value in excess of £1.5 million (2022/23 £1 million).

Assets, other than land, are being depreciated using the straight line method over their useful economic lives as follows: -

- Council dwellings	50 years
- Council dwellings (Fixtures)	27 years
- Operational buildings	20 - 60 years
- Plant and equipment (Other)	10 - 25 years
- Plant and equipment (Books)	3 years
- Motor vehicles	4 - 10 years
- Fixtures and fittings	3 - 10 years
- Infrastructure assets	40 years

No depreciation is provided on Community Assets, Assets Under Construction, Surplus Assets not yet available for sale and Heritage Assets. No depreciation is charged on assets acquired in year, depreciation is charged from 1 April following year of acquisition.

During 2023/24, all properties subject to material change in valuation and the council's cemetery land, grass pitches, non-grass pitches, golf courses, bowling greens, running tracks, tennis courts, pavilions, OAP pavilions, landfill sites and civic amenity sites were revalued. As a result, £17.7 million was charged to the Comprehensive Income and Expenditure Account and £38.8 million credited to the Revaluation Reserve resulting in a net upward revaluation of £21.1 million. The revaluation charge has no impact on the General Fund Balance carried forward.

In total, the revalued properties were collectively deemed to be significant in terms of their overall asset value and as such depreciation was charged on a componentised basis for all properties revalued as part of those groups.

The current policy of quinquennial revaluation will remain. However, in line with the requirements of the Code, only assets which were acquired, enhanced or revalued in 2023/24 had their useful lives updated. The council undertakes an annual review to ensure assets are valued with sufficient regularity to be fairly stated.

In the case of council dwellings, fixtures are depreciated over 27 years with the non-fixture element of council dwellings being depreciated over 50 years.

**Property, Plant and Equipment - Revaluation**

Where decreases in value are identified, they are accounted for as follows: -

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount is written down against the relevant service line in the Comprehensive Income and Expenditure Statement