



CITY OF
Lincoln
COUNCIL

Chief Executive & Town Clerk

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TO ALL EXECUTIVE MEMBERS

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Date: 20 July 2018

EXECUTIVE - MONDAY, 23 JULY 2018

Dear Councillor,

Further to the previously issued agenda for the Executive meeting of Monday, 23 July 2018, please find attached the following additional papers.

3. Statement of Accounts 2017/18 (Pages 3 - 4)

An additional disclosure has been requested in the Statement of Accounts as reflected in the attachment. This should replace the page included in the Statement of Accounts document originally published.

If you require any further information please feel free to contact me using the information provided above.

Yours faithfully,

Democratic Team Leader and Elections Manager

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Item No. 3

calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), using the following assumptions:

- For loans from the Public Works Loan Board (PWLB) and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months, or is a trade or other receivable, the fair value is taken to be the carrying amount outstanding or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

Financial Liabilities

31/03/17			31/03/18	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
59,956	72,727	PWLB Debt	59,956	71,653
16,176	26,821	Money Market Debt	16,175	26,345
565	561	Stock	565	561
34	34	Other	5,762	5,900
<u>76,731</u>	<u>100,143</u>	Total Debt	<u>82,458</u>	<u>104,459</u>

The Council has £561,000 of listed debt. This stock has not been traded in recent years. Due to this debt being immaterial and the lack of market activity its fair value has been assessed to be its 'par' (or face) value.

The fair value is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the Balance Sheet date. This is to be expected given that the current rates of interest are at a historically low level.

Financial Assets

31/03/17			31/03/18	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
20,823	20,823	Money Market Investments <1 year	15,600	15,615
0	0	Money Market Investments >1 year	0	0
<u>20,823</u>	<u>20,823</u>	Total Investments	<u>15,600</u>	<u>15,615</u>

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