

AUDIT & ACCOUNTS COMMITTEE

24 APRIL 2019

UNDERLYING VALUATION ASSUMPTIONS FOR 2018/2019 STATEMENT OF ACCOUNTS

1.0 Purpose of Report

1.1 To provide Members with information regarding the assumptions made by the Valuers in calculating the figures to be reported in the 2018/19 Statement of Accounts, as per the revaluation model approach taken by the Council under IAS 16 (International Accounting Standard 16 – Property, Plant and Equipment).

2.0 Introduction

2.1 IAS 16 – Property, Plant and Equipment is one of the financial reporting standards with which the Council must comply with when producing its annual Statement of Accounts.

2.2 IAS 16 outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost and is then subsequently measured using a revaluation model. Under the revaluation model, the assets are included in the Balance Sheet at current value on the basis recommended by CIPFA and in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors (RICS).

2.3 Assets included in the Balance Sheet at current value are revalued where there have been material changes in the value, but as a minimum once every five years.

2.4 The list of assets below is what has been revalued during 2018/19.

43 Garage sites at various locations;
Newark Beacon;
Buttermarket;
Rainworth Village Hall;
Hawtonville Community Centre;
Fernwood Community Centre;
Bridge Community Centre;
Newark Livestock Market; and
All Council Dwellings.

2.5 The Council's dwelling assets are revalued every year due to the volatility and the group value of the assets nature. Each financial year a desktop review will be undertaken to account for the changes in the valuations, however once every five years a full revaluation will take place on a beacon basis. Financial year 2018/19 is a desktop review as the last full revaluation took place in 2017/18.

2.6 In previous financial years the valuation certificates have been validated and approved by external consultants, which is an expense to the Council. However, during 2018/19 and in consultation with our external auditors (Mazars), it was established this can now be completed in-house by the Councils Asset Management team due to their experience and qualifications. Their valuations report, including the assumptions, is at **Appendix A**.

3.0 RECOMMENDATION

Members note and approve the assumptions used in the calculation of asset valuation figures for 2018/2019.

Background Papers

Nil

For further information please contact Andrew Snape on extension 5532.

Sanjiv Kohli

Deputy Chief Executive/Director – Resources and S151 Officer