

APPENDIX 2 – ACCOUNTING ESTIMATES

Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Property, Plant and Equipment Valuations	The Council engages a valuation expert, who is a member of the Council's Property Team, to undertake property valuations. All valuations are undertaken by qualified valuers. Properties are valued in line with accounting standard requirements and in accordance with Royal Institute of Chartered Surveyors Guidance on the basis of a three year rolling programme.	Appropriately qualified valuer is engaged to undertake valuations.	Yes	Since valuations are compiled by an expert using recognised measurement techniques and based on professional guidance, the underlying data is considered to be reliable and the scope to use judgement and change assumptions limited.	No
Council Dwellings Valuations	As above, however, HRA assets are revalued at least every five years on a rolling programme, with desktop valuations in the intermediate years.	As Above	As Above	As Above	As Above
Investment Property Valuations	As Above, however Investment Properties are valued on an annual basis	As Above	As Above	As Above	As Above
Property, Plant and Equipment and Council Dwellings	Real Asset Management software is used to calculate and process the annual depreciation charge based on the latest property valuation Depreciation is charged on a straight	Suitably qualified officers/valuer advise the estimate of	Yes	The main assumption in the depreciation is the useful life of the asset.	No

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Depreciation	line basis over the useful life of each specific asset.	useful life for each asset.		Property assets have their useful life estimate by our expert valuer. Other assets have their useful lives estimated by a suitably qualified officer.	
Valuation of defined benefit net pension fund liabilities	<p>The Projected Unit method of valuation is used to calculate:</p> <ul style="list-style-type: none"> • benefit obligation (liability) - the total present value of individual scheme members benefits in relation to service completed up to the date of the calculations • Service cost - the total present value of individual scheme members benefits which is attributable to service during the accounting period 	Appropriately qualified experts used to derive valuations.	Actuarial services including calculation of accounting information provided by Scheme Actuary - Mercers	<p>Detailed information to support calculations and assumptions used is provided by the Actuary based on data submitted by the employer.</p> <p>The Council has not been subject to:</p> <ul style="list-style-type: none"> • Significant outsourcing / bulk transfer of scheme members Amalgamation/ reorganisation • Significant redundancy/ restructuring programs • Average pay increases significantly in excess of assumptions adopted <p>Therefore, the only cause of uncertainty is the impact of the Covid pandemic, war in Ukraine and general economic pressures on financial markets</p>	<p>Yes, prepayment will reduce liability from that assessed by Actuary</p> <p>Also fundamental changes in market- implied RPI due to a change in the RPI formula has impacted on Actuary's assumptions for CPI</p>

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Fair value estimates	<p>PPE, investment property and treasury investments fair values as detailed above.</p> <p>The calculations for the fair value of borrowings are provided by the Council's treasury management advisers, Link Group. These are generally for disclosure notes only.</p>	Appropriately qualified experts used to derive valuations	Fair value calculations provided by Link Group	<p>The Council does not have any complex borrowings with high degrees of uncertainty.</p> <p>The Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value – being its professional treasury advisers, Link Group</p>	No
Provisions: Business Rates Appeals	Data from VOA for 2010, 2017 and current revaluation appeals	Approach discussed at LCFO's and Sub Group	Indicative levels of business rates appeals provided by Analysis Local	<p>Uncertainty due to variance in appeal decisions and significant backdating.</p> <p>. Check & Challenge, appeal system has curtailed activity to some extent</p>	No
Accruals	Creditors generated by Purchasing Module of Civica where orders receipted but not paid at 31/03/23.	Detailed guidance issued to budget holders and manual accruals reviewed by Finance team prior to input.	No	Some degree of uncertainty	No
Credit loss and impairment allowances	Consideration of age profile of arrears and other specific issues impacting on collectability of debt	The calculation is undertaken with Finance based on historic data	No	<p>Age profile of arrears over a 3 year rolling period is considered a best estimate based on known patterns.</p> <p>Some degree of uncertainty remains</p>	No