

STATEMENT OF ACCOUNTS 2007/08

NOTES TO THE CORE STATEMENTS

37. 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:

- PWLB has provided the Fair Value Calculation for their loans.
- No early repayment or impairment is recognised.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair values are calculated as follows:

	31st March 2008		31st March 2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£	£	£	£
Financial Liabilities	8,111,202	11,976,554	7,894,056	11,329,015

Fair value is more 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 at the Balance Sheet date. The commitment to pay interest above current market rates increases the amount that the Council would have to pay if the lender requested or agreed to early repayment of the loans.

	31st March 2008		31st March 2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£	£	£	£
Loans and Receivables *	14,175,364	14,162,614	19,266,813	19,181,488

The fair value is lower than the carrying amount because the Council's portfolio of investments includes a number of fixed rate loans where the interest rate is receivable is lower than the rates available for similar loans at the Balance Sheet date. This guarantee to receive interest below current market rates reduces the amount that the authority would receive if it agreed to early repayment of loans.

Also see notes 10 and 16 to the Core Statements.

* Excludes fund managers cash included within note 35.