

Group Comprehensive Income and Expenditure Statement

This account summarises the resources that have been generated and consumed in providing services and managing the Group during the last year. It includes all day-to-day expenses and related income on an accruals basis.

Restated 2017/18 Gross Expenditure £000s	Restated 2017/18 Gross Income £000s	Restated 2017/18 Net Expenditure £000s		Note	2018/19 Gross Expenditure £000s	2018/19 Gross Income £000s	2018/19 Net Expenditure £000s
			Continuing operations				
235,608	(55,615)	179,993	Adult Social Care		248,592	(55,253)	193,339
22,344	(15,019)	7,325	Homelessness		31,396	(20,338)	11,058
575,242	(422,129)	153,113	Children's Services		558,948	(401,684)	157,264
384,891	(299,873)	85,018	Corporate Core		339,617	(248,000)	91,617
144,798	(51,250)	93,548	Neighbourhoods		178,891	(76,042)	102,849
72,496	(27,649)	44,847	Strategic Development		96,043	(41,944)	54,099
6,820	(8,855)	(2,035)	Corporate Items		6,155	(4,278)	1,877
11,296	0	11,296	Council Wide Costs		17,937	0	17,937
57,758	(87,304)	(29,546)	Housing Revenue Account		63,867	(86,221)	(22,354)
11,090	(19,571)	(8,481)	Destination Manchester Ltd		9,608	(17,866)	(8,258)
1,522,343	(987,265)	535,078	Cost of services excluding acquired services		1,551,054	(951,626)	599,428
			Other operating expenditure				
12,994	(7,261)	5,733	Loss on disposal of non-current assets		12,946	(7,215)	5,731
69,256	0	69,256	Levies		69,097	0	69,097
2,553	0	2,553	Payments to government housing capital receipts pool		2,567	0	2,567
84,803	(7,261)	77,542	Total other operating expenditure		84,610	(7,215)	77,395
134,582	(140,194)	(5,612)	Financing and investment income and expenditure	6	174,414	(151,685)	22,729
0	(597,413)	(597,413)	Taxation and non-specific grant income		0	(636,301)	(636,301)
1,741,728	(1,732,133)	9,595	Deficit on provision of services		1,810,078	(1,746,827)	63,251
287,470	(330,647)	(43,177)	Share of operating results of joint venture	9	278,985	(331,996)	(53,011)
456	0	456	Tax expenses of subsidiary		448	0	448
12,567	0	12,567	Tax expenses of joint venture	9	14,981	0	14,981
2,042,221	(2,062,780)	(20,559)	Group (Surplus) / Deficit on provision of services		2,104,492	(2,078,823)	25,669
			Items that will not be subsequently classified in (Surplus)/ Deficit on Provision of Services				
		(179,975)	(Surplus) on revaluation of non-current assets				(102,518)
		10,977	Impairment losses on non-current assets charged to the revaluation reserve				6,682
		(89,658)	Remeasurements of the net defined benefit liability				85,487
		1,396	Share of other comprehensive income and expenditure of subsidiaries				469
		(101,182)	Share of other comprehensive income and expenditure of joint ventures				(64,716)
			Items that will be subsequently classified in (Surplus)/ Deficit on Provision of Services				
		0	(Surplus) from investments in equity instruments designated at fair value through other comprehensive income				(2,738)
		(6,410)	(Surplus) / Deficit on revaluation of available for sale financial assets				0
		(364,852)	Total other comprehensive income and expenditure				(77,334)
		(385,411)	Total comprehensive income and expenditure				(51,665)

Group Movement In Reserves Statement

This statement shows the movement in the year on the Council's single entity usable and unusable reserves, as well as the Council's share of the group reserves.

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves	Restated Council Share of Group Reserves	Restated Total Group Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31 March 2017	(255,036)	(90,991)	(39,135)	(22,494)	(1,383)	(409,038)	(1,478,529)	(785,360)	(2,672,928)
Movement in reserves during 2017/18									
Total comprehensive income and expenditure	(9,672)	(26,342)	0	0	0	(36,014)	(273,508)	(75,888)	(385,411)
Total adjustments between accounting basis and funding basis under regulations	(40,183)	17,394	(32,885)	3,965	1,383	(50,326)	50,326	0	0
(Increase) / decrease in year	(49,855)	(8,948)	(32,885)	3,965	1,383	(86,340)	(223,182)	(75,888)	(385,411)
Balance at 31 March 2018	(304,891)	(99,939)	(72,020)	(18,528)	(0)	(495,378)	(1,701,712)	(861,248)	(3,058,339)
Re-classification as a result of introduction of IFRS9 (financial instruments)	(1,622)	0	0	0	0	(1,622)	1,622	0	0
Balance at 1 April 2018	(306,513)	(99,939)	(72,020)	(18,528)	(0)	(497,001)	(1,700,090)	(861,248)	(3,058,339)
Movement in reserves during 2018/19									
Total comprehensive income and expenditure	26,798	(18,411)	0	0	0	8,387	(9,195)	(50,857)	(51,665)
Total adjustments between accounting basis and funding basis under regulations	(74,070)	13,898	(9,840)	(38,988)	(2,913)	(111,914)	111,914	0	0
(Increase) / decrease in year	(47,272)	(4,513)	(9,840)	(38,988)	(2,913)	(103,527)	102,719	(50,857)	(51,665)
Balance at 31 March 2019	(353,785)	(104,452)	(81,860)	(57,516)	(2,913)	(600,525)	(1,597,373)	(912,105)	(3,110,004)

*A breakdown of the Council's usable and unusable reserves can be found in the Council's accounts Notes 12, 44 and 45.

The Council's share of the group reserves include accounting adjustments to align accounting policies for property, plant and equipment and government grants.

The Council's share of group reserves are split between usable reserves and unusable reserves. The unusable reserves include the amounts to align the accounting policies plus the share of other comprehensive income and expenditure of the joint venture and subsidiary.

Group Balance Sheet

The balance sheet is fundamental to the understanding of the Group's financial position at the end of the financial year. The statement reports on the Group's balances on assets (non-current and current), liabilities (long and short-term) and reserves.

Restated 31 March 2018 £000s		Note	31 March 2019 £000s	
	Non-current assets			
2,448,082	Property, plant and equipment	11	2,559,429	
539,254	Heritage assets		538,272	
414,985	Investment properties		422,814	
284	Intangible non-current assets		352	
988,572	Long-term investment in joint venture / subsidiaries and associates	12	1,030,949	
7,973	Other long-term investments	12	13,035	
180,115	Long-term debtors	13	283,245	
4,579,265	Total non-current assets			4,848,096
	Current assets			
8,945	Short term investments		9,017	
618	Inventories		571	
161,033	Short-term debtors	13	272,788	
135,306	Cash and cash equivalents	14	111,793	
10,414	Short-term assets held for sale		11,773	
481	Intangible current assets		344	
316,797	Total current assets			406,286
4,896,062	Total assets			5,254,382
	Current liabilities			
(51,948)	Short-term borrowing		(126,283)	
(186,801)	Short-term creditors	15	(177,406)	
(38,320)	Short-term provisions		(32,430)	
(15,537)	Short-term deferred liabilities	16	(15,137)	
(292,606)	Total current liabilities			(351,256)
4,603,456	Total assets less current liabilities			4,903,126
	Long-term liabilities			
(1,096)	Long-term creditors		(1,359)	
(62,839)	Long-term provisions		(63,098)	
(482,531)	Long-term borrowing		(607,232)	
(151,789)	Long-term deferred liabilities	16	(149,536)	
(41,581)	Capital grants receipts in advance		(19,290)	
(805,281)	Pensions liability		(952,607)	
(1,545,117)	Total long-term liabilities			(1,793,122)
3,058,339	Net assets			3,110,004
	Financed by:			
(495,379)	Usable reserves		(600,525)	
(1,701,712)	Unusable reserves		(1,597,373)	
(861,248)	Group income and expenditure reserve		(912,106)	
(3,058,339)	Total reserves	17		(3,110,004)

The 31 March 2018 figures have been restated as follows :

- Property, plant and equipment due to the revaluation of Destination Manchester Ltd. Assets
- Long Term Investment in the Joint Venture due to the revaluation of Manchester Airports Holdings Ltd. Assets
- Group Income and Expenditure reserve as a result of the 2 amendments above

Group Cash flow statement

The cash flow statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

2017/18 £000s		Note	2018/19 £000s
(20,559)	Net deficit/(surplus) on the provision of services		25,669
(158,540)	Adjustments to net deficit/(surplus) on the provision of services for non-cash movements	19	(247,491)
161,430	Adjustments for items included in the net deficit/(surplus) on the provision of services that are investing and financing activities	20	124,570
(17,669)	Net cash flows from operating activities		(97,252)
(26,959)	Investing activities	22	294,318
11,971	Financing activities	23	(173,553)
(32,657)	Net decrease in cash and cash equivalents		23,513
102,649	Cash and cash equivalents at the beginning of the reporting period		135,307
135,307	Cash and cash equivalents at the end of the reporting period	13	111,793

Note 1. Reconciliation of the Single Entity Comprehensive Income and Expenditure Statement Deficit to the Group Comprehensive Income and Expenditure Statement Deficit

This shows how the group entities have contributed to the overall surplus shown in the group income and expenditure account.

2017/18 £000s		Note	2018/19 £000s
(36,014)	(Surplus) / Deficit on the Authority's single entity Income and Expenditure Account for the year		8,387
822	Distribution from group entities included in the Authority's single entity deficit on the Income and Expenditure Account		811
(7,723)	Add (surplus) / deficit attributable to subsidiary	8	(7,518)
22,356	Add (surplus) deficit attributable to joint venture including dividends paid (after corporation tax)		23,988
(20,559)	Group income and expenditure account (surplus)/deficit for the year		25,669

Note 2. Group Accounting Policies

Introduction

As a modern local authority Manchester City Council often chooses to conduct activities through a variety of undertakings, either under ultimate control of or in partnership with other organisations. The standard financial statements consider the Council only as a single entity, accounting for its interests in other organisations only to the extent of its investment, and not current performance and balances. Thus a full picture of the Council's economic activities, financial position, service position, accountability for resources and exposure to risk is not presented in the Council's single entity financial statements.

As a result, group financial statements are produced to reflect the extent of Manchester City Council's involvement with its group undertakings in order to provide a clearer picture of the Council's activities as a group. The group accounts contain core financial statements similar to those included in the Council's single entity statements, consolidated with figures from organisations considered to be part of the group.

The Group Accounts are of equal status to the single entity accounts but to achieve a meaningful presentation to the reader of the accounts they are positioned after the single entity financial statements and notes.

The group statements include:

- Group Comprehensive Income and Expenditure Statement
- Group Movement in Reserves Statement
- Group Balance Sheet
- Group Cash Flow Statement.

The group financial statements are presented in accordance with the IFRS based Code.

Notes to the Group Accounts are included where they are materially different to the single entity accounts.

Land and buildings in the Council's single entity accounts are valued at current value (i.e. the amount that would be paid for an asset in its existing use). Where sufficient market evidence is not available, current value is estimated at depreciated replacement cost, using the modern equivalent asset method (i.e. the market value of the land on which the building sits plus the current gross replacement cost of the building less an allowance for physical deterioration of the building).

Where group organisations use different accounting policies to the Council, their accounts have been restated to align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts.

Manchester Airport Holdings Limited (MAHL) accounts are prepared using deemed cost for land and buildings. Deemed cost is the cost or valuation of assets as at 1 April 2005. Consequently property, plant and equipment is included in MAHL's accounts at cost or deemed cost less accumulated depreciation. A valuation of MAHL's land and building assets has been undertaken in order to align the accounting policy with that of the Council. This valuation has been used for the Council's group accounts.

The land and building assets of Destination Manchester Limited (DML), which is a subsidiary within the Council group, are included in DML's accounts at cost less accumulated depreciation and impairment. A valuation of DML's land and building assets has been undertaken in order to align the accounting policy with that of the Council. This valuation has been used for the Council's group accounts.

MAHL has adopted IFRS15 the new revenue recognition standard this year. The adoption of the standard has the impact of reducing reported revenue and costs by equal amounts, with nil impact on the result from operations in either year. The value was £98.8m for 2017/18 and the value is relatively unchanged in 2018/19.

Manchester City Council Group

Inclusion in the Manchester City Council Group is dependent upon the extent of the Council's interest and control over the entity. An assessment of all of the Council's interests has been carried out to determine which of the following categories they fall under. Where an entity is considered to be immaterial, they are not included in the group accounts.

Subsidiaries – where the Council exercises control and gains benefits / exposure to risks arising from this control. Subsidiaries of the Council have been considered for materiality; Destination Manchester Limited (DML) is the only subsidiary consolidated into the Council's group accounts. The Council owns 100% of DML.

Associates – where the Council exercises a significant influence and has a participating interest. Associates of the Council have been considered for materiality; there are no associates consolidated into the Council's group accounts.

Joint Ventures - where the Council and another party exercise joint control with decisions relating to the organisation requiring unanimous consent of the parties sharing control. Those entities considered to be material are included in the group. Joint Ventures are accounted for on an equity basis, by including their net operating results in the group income and expenditure account. Investments in these entities are adjusted on the balance sheet for the Council's share of their results. The group contains one material joint venture which is Manchester Airports Holdings Limited (MAHL). The Council owns 35.5% of MAHL. MAHL owns Manchester, Stansted and East Midlands airports. Until 4 December 2017 it also owned Bournemouth Airport. This was sold to RCA, part of the Rigby Group.

Manchester Airports Holdings Limited audited accounts are available at their website

The Group Accounts have been prepared in accordance with the 2018/19 Code of Practice for Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The accounting policies used in preparing the Group Accounts are generally those used by Manchester City Council in their single entity financial statements. In order to align group entities accounting policies to those used by the Council and ensure consistency of accounting treatment across the group, the following policies have been adopted:

Consolidation of Subsidiary

The Council's subsidiary has been consolidated using the acquisition accounting basis. This is a full, line by line consolidation of the financial transactions and balances of the Council and its subsidiary. To avoid overstating the figures within the group financial statements, all transactions and balances between members of the group (the Council and its subsidiary) have been eliminated.

Consolidation of Joint Venture

The Council's joint venture has been consolidated using the equity method. An investment is brought into the group balance sheet and adjusted by the Council's share in the joint venture's net asset movement. The Council's share of the joint venture's operating results for the year is included within the group income and expenditure account.

Non-Current Assets

Non-current assets have been consolidated using the valuation basis specified by the Code, unless the entity has a distinct class of asset that the Council does not recognise. In this case the entity's valuation basis was used.

Land and buildings in the Council's single entity accounts are valued at current value (i.e. the amount that would be paid for an asset in its existing use). Where sufficient market evidence is not available, current value is estimated at depreciated replacement cost, using the modern equivalent asset method (i.e. the market value of the land on which the building sits plus the current gross replacement cost of the building less an allowance for physical deterioration of the building).

Where group organisations use different accounting policies to the Council, their accounts have been restated to align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts.

International Financial Reporting Standards (IFRS)

The Council produces its financial statements in accordance with IFRS. Where UK GAAP is still being used by group entities, their financial statements are adjusted to reflect IFRS where any changes have a material effect on the presentation of the group financial statements.

Manchester City Council Annual Statement of Accounts 2018/19

Note 3. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates etc.) by local authorities in comparison to

2017/18					2018/19					
Restated As reported to Members £000	Adjustments to arrive at net amount chargeable to the group general balances £000	Net expenditure chargeable to the group general balances £000	Adjustments between funding and accounting basis £000	Restated Net expenditure in the Comprehensive Income and Expenditure Statement £000		As reported to Members £000	Adjustments to arrive at net amount chargeable to the group general balances £000	Net expenditure chargeable to the group general balances £000	Adjustments between funding and accounting basis £000	Net expenditure in the Comprehensive Income and Expenditure Statement £000
	Note 3a						Note 3a			
176,664	(4,214)	172,451	7,542	179,993	Adult Social Care	186,126	(1,022)	185,104	8,235	193,339
7,772	(1,484)	6,288	1,037	7,325	Homelessness	10,711	(888)	9,823	1,235	11,058
106,074	7,703	113,777	39,336	153,113	Children's Services	119,877	5,773	125,650	31,614	157,264
59,946	6,024	65,970	19,048	85,018	Corporate Core	67,187	6,881	74,068	17,549	91,617
106,045	(52,846)	53,199	40,349	93,548	Growth and Neighbourhoods	72,273	(16,607)	55,666	47,183	102,849
6,708	27,246	33,953	10,894	44,847	Strategic Development	4,776	20,664	25,440	28,659	54,099
8,171	(10,207)	(2,036)	0	(2,036)	Corporate Items	13,030	(10,082)	2,948	(1,071)	1,877
0	0	0	11,296	11,296	Council Wide Costs	0	0	0	17,937	17,937
(8,949)	(3,203)	(12,152)	(17,394)	(29,546)	Housing Revenue Account	(4,512)	(3,943)	(8,455)	(13,899)	(22,354)
0	(8,481)	(8,481)	0	(8,481)	Destination Manchester Ltd	0	(8,258)	(8,258)	0	(8,258)
462,431	(39,462)	422,969	112,108	535,077	Net Cost of Services	469,468	(7,482)	461,986	137,442	599,428
(467,461)	1,144	(466,317)	(89,319)	(555,636)	Other Income and Expenditure	(473,718)	(22,771)	(496,489)	(77,270)	(573,759)
(5,030)	(38,318)	(43,348)	22,789	(20,559)	(Surplus) / Deficit on Provision of Services	(4,250)	(30,253)	(34,503)	60,172	25,669
Opening Group General Reserves		996,871			Opening Group General Reserves			1,040,219		
Surplus on Group General Reserves in year		43,348			Surplus on Group General Reserves in year			34,503		
Closing Group General Reserves at 31 March		1,040,219			Closing Group General Reserves at 31 March			1,074,722		

Note 4. Note to the Expenditure and Funding Analysis

(a) Adjustments to arrive at net amount chargeable to the group general balances 2017/18				
Other Adjustments	Adjustments relating to other income and expenditure (i)	Adjustments relating to transfers to / from reserves (ii)	Adjustments relating to internal recharges (iii)	Total Adjustments
	£000	£000	£000	£000
Adult Social Care	(2,598)	(1,000)	(616)	(4,214)
Homelessness	44	430	(1,958)	(1,484)
Children's Services	4,518	5,763	(2,578)	7,703
Corporate Core	1,742	2,743	1,539	6,024
Neighbourhoods	(48,227)	(5,327)	708	(52,846)
Strategic Development	19,349	5,376	2,521	27,246
Corporate Items	(10,298)	(293)	384	(10,207)
Housing Revenue Account	(3,203)	0	0	(3,203)
Destination Manchester Ltd	(8,481)	0	0	(8,481)
Net Cost of Services	(47,154)	7,692	0	(39,462)
Other Income and Expenditure from the Expenditure and Funding Analysis	62,609	(61,465)	0	1,144
Fund and HRA Surplus and Comprehensive Income and Expenditure Statement Deficit	15,455	(53,773)	0	(38,318)

The 2017/18 figures have been restated to remove internal recharges relating to the single entity following clarification of their treatment issued by CIPFA.

(a) Adjustments to arrive at net amount chargeable to the group general balances 2018/19				
Other Adjustments	Adjustments relating to other income and expenditure (i)	Adjustments relating to transfers to / from reserves (ii)	Adjustments relating to internal recharges (iii)	Total Adjustments
	£000	£000	£000	£000
Adult Social Care	0	498	(1,520)	(1,022)
Homelessness	0	(515)	(373)	(888)
Children's Services	2,035	4,716	(978)	5,773
Corporate Core	3,510	(1,122)	4,493	6,881
Neighbourhoods	(7,578)	(6,433)	(2,596)	(16,607)
Strategic Development	14,188	5,678	798	20,664
Corporate Items	(9,870)	(388)	176	(10,082)
Council Wide Costs	0	0	0	0
Housing Revenue Account	(3,943)	0	0	(3,943)
Destination Manchester Ltd	(8,258)	0	0	(8,258)
Net Cost of Services	(9,916)	2,434	0	(7,482)
Other Income and Expenditure from the Expenditure and Funding Analysis	28,760	(51,531)	0	(22,771)
Difference between General Fund and HRA Surplus and Comprehensive Income and Expenditure Statement Deficit on the Provision of Services	18,844	(49,097)	0	(30,253)

(i) Adjustments relating to other income expenditure include service specific interest payments and receipts which are reported as part of service costs in the outturn report.

(ii) Transfers to and from reserves which form part of the outturn report but are not shown within the CIES.

(iii) Internal recharges between services are included in the outturn report but are not shown within the CIES.

Note 5. Prior Period Restatement

Service Expenditure and Income

Expenditure on services and income relating to those services are classified in the Comprehensive Income and Expenditure Statement in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

The 2017/18 gross income and expenditure figures have been restated to reflect transfers of services between directorates in 2018/19.

The tables below shows how the net expenditure, gross expenditure and gross income have been restated.

	As reported in the 2017/18 CIES £000	Adjustments between internal reporting classifications £000	As restated 2017/18 £000
Net Expenditure			
Directorate / Organisation Line			
Adult Social Care	179,553	440	179,993
Homelessness	0	7,325	7,325
Children's Services	160,877	(7,764)	153,113
Corporate Core	107,900	(22,882)	85,018
Neighbourhoods	71,317	22,231	93,548
Strategic Development	44,197	650	44,847
Corporate Items	(2,035)	0	(2,035)
Council Wide Costs	11,296	0	11,296
Housing Revenue Account	(29,546)	0	(29,546)
Destination Manchester Ltd	(8,481)	0	(8,481)
Total Net Cost of Services	535,078	0	535,078

Gross Expenditure			
Directorate / Organisation Line			
Adult Social Care	250,187	(14,579)	235,608
Homelessness	0	22,344	22,344
Children's Services	583,006	(7,764)	575,242
Corporate Core	414,299	(29,408)	384,891
Neighbourhoods	132,602	12,196	144,798
Strategic Development	55,285	17,211	72,496
Corporate Items	6,820	0	6,820
Council Wide Costs	11,296	0	11,296
Housing Revenue Account	57,758	0	57,758
Destination Manchester Ltd	11,090	0	11,090
Total Net Cost of Services Gross Expenditure	1,522,343	0	1,522,343

Gross Income			
Directorate / Organisation Line			
Adult Social Care	(70,634)	15,019	(55,615)
Homelessness	0	(15,019)	(15,019)
Children's Services	(422,129)	0	(422,129)
Corporate Core	(306,399)	6,526	(299,873)
Neighbourhoods	(61,285)	10,035	(51,250)
Strategic Development	(11,088)	(16,561)	(27,649)
Corporate Items	(8,855)	0	(8,855)
Council Wide Costs	0	0	0
Housing Revenue Account	(87,304)	0	(87,304)
Destination Manchester Ltd	(19,571)	0	(19,571)
Total Net Cost of Services Gross Income	(987,265)	0	(987,265)

Note 6. Financing and Investment Income and Expenditure

The table below analyses the figures included in the Comprehensive Income and Expenditure Statement.

	2017/18 £000s	2018/19 £000s	Note
Interest payable on debt	24,108	21,294	a
Interest element of finance leases (lessee)	21	3	3
Interest payable on PFI unitary payments	11,634	11,775	
Net interest on the net defined benefit liability	21,623	21,756	b
Investment Interest income	(14,303)	(22,966)	c
Change in fair value of investment properties	(28,943)	55,120	
Dividends receivable	(1,072)	(2,197)	d
(Gain) on trading accounts (not applicable to a service)	(582)	(40)	
Rentals received on investment properties	(20,761)	(22,766)	
Expenses incurred on investment properties	2,663	3,155	
Total financing and investment income and expenditure	(5,612)	22,729	

a. Interest Payable

These figures represent the external interest payable by the group as follows:

	2017/18 £000s	2018/19 £000s
Manchester City Council	23,826	20,484
Destination Manchester Limited	282	810
Total	24,108	21,294

b. Net interest on the net defined benefit liability

These figures represent the net interest on the net defined benefit liability of the group as follows:

	2017/18 £000s	2018/19 £000s
Manchester City Council	21,311	21,444
Destination Manchester Limited	312	312
Total	21,623	21,756

c. Investment Interest Income

	2017/18 £000s	2018/19 £000s
Manchester City Council	(14,293)	(22,946)
Destination Manchester Limited	(10)	(20)
Total	(14,303)	(22,966)

The above figures include consolidation adjustments where transactions between the Council and the subsidiary are eliminated for the purpose of preparing the group accounts.

d. Dividends Receivable

The dividends receivable figure in the single entity accounts has been adjusted to exclude dividends received from Group entities.

Note 7. Exclusion of Distributions from Group Entities Included in Manchester City Council's Single Entity Accounts

Related party transactions between the Council and Destination Manchester Limited have been removed from the group income and expenditure account on consolidation. In 2018/19 the amount removed was £811,000 (£821,000 in 2017/18).

Note 8. Surplus Attributable to Subsidiaries

This figure represents the total group surplus attributable to Manchester City Council's subsidiary including the adjustments made for intra group transactions. The share of operating results of the subsidiary are included within the service gross income / expenditure that they relate to.

	2017/18 £000s	2018/19 £000s
Destination Manchester Limited	(7,723)	(7,518)
Total (Surplus)	(7,723)	(7,518)

Note 9. Surplus Attributable to Joint Venture

This figure represents the total surplus attributable to Manchester Airports Holdings Limited:

	2017/18 £000s	2018/19 £000s
(Surplus) before tax	(43,177)	(53,011)
Tax expenses	12,567	14,981
(Surplus) after tax	(30,610)	(38,030)

Note 10. Expenditure and Income Analysis

The Group income and expenditure is analysed as follows:

	2017/18 £000	2018/19 £000
Expenditure		
Employee Benefit Expenses	518,427	534,734
Other Service Expenses	857,148	862,829
Capital Charges including Depreciation and impairment	155,065	200,174
Interest Payments	34,941	32,263
Pensions Interest Costs	91,344	95,469
Precepts and Levies	69,256	69,097
Payments to Housing Capital Receipts Pool	2,553	2,567
Loss on Disposal of Non-current Assets (general fund)	12,994	12,946
Share of operating results of joint venture	287,470	278,985
Corporation Tax	13,023	15,429
Total Expenditure	2,042,221	2,104,492
Income		
Fees, Charges and Other Service Income	(268,776)	(191,163)
Interest and Investment Income	(15,366)	(87,162)
Return on Pension Assets	(70,033)	(74,025)
Capital Charges related income	(154,137)	(160,387)
Income from Council Tax	(148,977)	(152,846)
Business Rates Income	(313,376)	(329,815)
Government Grants and Contributions	(754,207)	(744,214)
Share of operating results of joint venture	(330,647)	(331,996)
Gain on Disposal of Fixed Assets (HRA)	(7,261)	(7,215)
Total Income	(2,062,780)	(2,078,823)
Deficit/(Surplus) on the Provision of Services	(20,559)	25,669

Note 11. Property Plant and Equipment

Movements on tangible non-current assets in the group during 2018/19 were as follows:

	Property, Plant and Equipment							Total £000s
	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Infrastructure Assets £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	
Gross book value brought forward	590,722	1,264,129	111,654	561,251	31,279	76,223	108,789	2,744,047
Accumulated depreciation and impairment brought forward	(27,424)	(91,216)	(48,185)	(118,340)	(853)	0	(9,947)	(295,965)
Net Book Value carried forward as at 31 March 2018	563,298	1,172,913	63,469	442,911	30,426	76,223	98,842	2,448,082
Movement in 2018/19								
Additions	16,237	34,649	6,607	39,982	689	46,167	9,580	153,911
Revaluations recognised in revaluation reserve	47,930	45,953	55	0	0	0	9,321	103,259
Revaluations recognised in deficit on the provision of services	(857)	(11,969)	0	0	0	0	(14,544)	(27,370)
Derecognition - disposals	0	(18,879)	(222)	0	0	0	0	(19,101)
Transferred from held for sale	(7,079)	(24)	0	0	0	0	(9,193)	(16,296)
Other transfers	(917)	(28,698)	186	17,192	281	(40,788)	40,213	(12,531)
Newly recognised assets - leased assets / PFI assets	12,403	0	504	0	0	0	0	12,907
Depreciation	(16,708)	(28,104)	(9,449)	(19,497)	0	0	(571)	(74,329)
Impairments charged to the (surplus) / deficit on the provision of services	(3,728)	(1,431)	(1,885)	0	0	0	(420)	(7,464)
Impairments covered by the revaluation reserve	(5,511)	(1,171)	0	0	0	0	0	(6,682)
Reversal of prior year impairment	0	5,043	0	0	0	0	0	5,043
Net Book Value carried forward as at 31 March 2019	605,068	1,168,282	59,265	480,588	31,396	81,602	133,228	2,559,429
Gross book value carried forward as at 31 March 2019	630,721	1,251,416	115,571	618,424	32,249	81,602	142,871	2,872,854
Accumulated depreciation and impairment carried forward as at 31 March 2019	(25,653)	(83,134)	(56,306)	(137,836)	(853)	0	(9,643)	(313,425)
Net Book Value carried forward as at 31 March 2019	605,068	1,168,282	59,265	480,588	31,396	81,602	133,228	2,559,429

Movements on tangible non-current assets in the group during 2017/18 were as follows:

	Property, Plant and Equipment							Restated Total £000s
	Council Dwellings £000s	Restated Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Restated Infrastructure Assets £000s	Restated Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	
Gross book value brought forward	508,251	1,189,875	102,410	535,139	29,982	32,486	127,490	2,525,633
Accumulated depreciation and impairment brought forward	(25,730)	(116,106)	(40,488)	(100,363)	(206)	0	(29,333)	(312,226)
Net book value carried forward as at 31 March 2017	482,521	1,073,769	61,922	434,776	29,776	32,486	98,157	2,213,407
Movement in 2017/18								
Additions	19,675	49,332	8,447	26,900	522	41,960	9,179	156,015
Revaluations recognised in revaluation reserve	71,797	102,250	151	0	0	0	5,881	180,079
Revaluations recognised in deficit on the provision of services	(353)	(7,832)	0	0	0	0	(8,341)	(16,526)
Derecognition - disposals	0	(21,006)	(10)	0	0	0	(954)	(21,970)
Transferred from held for sale	(7,838)	850	0	0	0	0	(5,452)	(12,440)
Other transfers	(416)	(2,299)	413	(788)	129	1,777	843	(341)
Newly recognised assets - Leased assets / PFI assets	25,572	0	1,089	0	0	0	0	26,661
Depreciation	(15,880)	(26,095)	(8,430)	(17,977)	(1)	0	(337)	(68,720)
Impairments charged to the (surplus) / deficit on the provision of services	(1,325)	(466)	(113)	0	0	0	(34)	(1,938)
Impairments covered by the revaluation reserve	(10,455)	(425)	0	0	0	0	(100)	(10,980)
Reversal of prior year impairment	0	4,835	0	0	0	0	0	4,835
Net Book Value carried forward as at 31 March 2018	563,298	1,172,913	63,469	442,911	30,426	76,223	98,842	2,448,082
Gross book value carried forward as at 31 March 2018	590,722	1,264,129	111,654	561,251	31,279	76,223	108,789	2,744,047
Accumulated depreciation and impairment carried forward as at 31 March 2018	(27,424)	(91,216)	(48,185)	(118,340)	(853)	0	(9,947)	(295,965)
Net Book Value carried forward as at 31 March 2018	563,298	1,172,913	63,469	442,911	30,426	76,223	98,842	2,448,082

Note 12. Long-term Investments

	Restated 31 March 2018 £000s	31 March 2019 £000s
Investments in organisations included in the group statements		
Manchester Airports Holdings Ltd	976,677	1,017,407
Investments in subsidiaries not included in the group statements		
Manchester Mortgage Corporation Plc Share Capital	155	149
Investments in associates not included in the group statements		
National Car Parks (Manchester) Ltd Share Capital	1,693	1,693
Eastlands Development Company Limited	1,300	1,185
Mayfield Developments	4,000	4,000
Matrix Homes Ltd	4,747	6,515
	988,572	1,030,949
Other long-term investments	7,973	13,035
Total other long-term investments	7,973	13,035
Total Long-Term Investments	996,545	1,043,984

Further details can be found in the Council's accounts Note 36.

Note 13. Debtors

As the balance sheet date represents the position at the end of the financial year, there are monies owed to the Group at that date which are yet to be received in cash. The following analysis shows the amounts owed to the Group which had not been received at 31 March 2018. Amounts owed to the Council by Destination Manchester Ltd have been removed as they are classed as intra-company transactions.

The Council also makes provision for outstanding monies which it is anticipated will not be recovered. These amounts are then deducted from the total value of debtors shown in the accounts.

	31 March 2018 £000s	31 March 2019 £000s
Short-term debtors - Manchester City Council		
Manchester City Council debtors and payments in advance	161,396	272,477
Adjustments for intra-company transactions	(3,791)	(3,021)
	157,605	269,456
Short-term debtors - Destination Manchester Limited		
Trade debtors	2,031	1,647
Corporation tax	456	448
Other debtors	941	1,237
Total	161,033	272,788

Further details can be found in the Council's accounts Note 37.

These are amounts that are owed to the Group which are being repaid over various periods longer than one year. Long-term debt which has become due in less than twelve months has been reclassified as short-term debt. Long-term debt owed to the Council by Destination Manchester Ltd has been removed from the group accounts as it is classed as an intra-company transaction.

	31 March 2018 £000s	31 March 2019 £000s
Long-term debtors		
Manchester Airports Holdings Limited	83,168	207,418
Ex GMC debt	71	47
PFI prepayments	23,273	24,494
Private Sector Housing Loans	11,672	10,856
Equity Mortgages	2,789	3,436
Greater Manchester Loans Fund	6,062	0
Matrix Homes	7,777	8,338
Biffa Municipal	3,343	3,569
Other	2,336	3,040
Manchester Quays Riverside	0	4,300
Manchester College	0	17,747
FQ Developments	34,461	0
Peel Media Development	5,163	0
Total	180,115	283,245

Further details can be found in the Council's accounts Note 37.

Note 14. Analysis of Bank Overdraft and Cash and Cash Equivalents

	31 March 2018 £000s	31 March 2019 £000s
Bank Overdraft and Cash and Cash equivalents		
Cash at bank and in hand	6,368	40,249
Call accounts	13,353	10,241
Investments less than 3 months	115,584	61,303
Total	135,305	111,793

Note 15 Short-Term Creditors

As the Group's Balance Sheet represents the financial position at the end of the financial year, these are monies owed by the Group at that date which have yet to be paid. There are also amounts which the Council has received before the end of the financial year which relates to services which have not yet been provided. This analysis shows the amounts owed which had not yet been paid and the amounts received in advance as at 31 March 2018. Amounts owed by the Council to Destination Manchester Ltd have been removed as they are classed as intra-company transactions.

	31 March 2018 £000s	31 March 2019 £000s
Manchester City Council	178,964	169,805
Adjustments for intra-company transactions (trade creditors)	(320)	(315)
	178,644	169,490
Destination Manchester Limited		
Trade Creditors	429	580
Accruals and deferred income	6,867	6,494
Corporation tax	456	448
Other taxes and social security costs	405	394
Total	186,801	177,406

Further details can be found in the Council's accounts Note 39.

Note 16. Deferred Liabilities

	31 March 2018 £000s	Repaid in year £000s	Additions in year £000s	31 March 2019 £000s	Short Term 31 March 2019 £000s	Long Term 31 March 2019 £000s
Ex GMC debt	9,776	(2,260)	0	7,516	2,379	5,137
Finance leases	14	(14)	0	0	0	0
Private Finance Initiatives	152,125	(12,760)	12,402	151,767	12,217	139,550
Service Concession	4,239	(613)	505	4,131	541	3,590
Deferred taxation (Destination Manchester Ltd)	1,173	0	119	1,292	0	1,259
	167,327	(15,647)	13,026	164,705	15,137	149,536

Note 17. Group Reserves

	31 March 2018 £000s	31 March 2019 £000s
Usable Reserves		
Manchester City Council *	495,379	600,525
Unusable Reserves		
Manchester City Council *	1,701,712	1,597,373
Group Income and Expenditure Reserve		
Manchester Airports Holdings Ltd - usable	632,111	526,893
Manchester Airports Holdings Ltd - unusable	233,949	391,970
Destination Manchester Ltd - usable	8,457	2,764
Destination Manchester Ltd - unusable	(13,269)	(9,521)
Total Group Income and Expenditure Reserve	861,248	912,106
Total	3,058,339	3,110,004

* Further detail can be found in the Council's accounts Notes 44 and 45.

Note 18. Related Party Transactions

As at 31 March 2019 the amount of loans outstanding owed by Manchester Airports Holdings Limited to Manchester City Council was £207.418m (£83.168m at 31 March 2018).

Destination Manchester Limited had outstanding loans to the Council of £16.407m at 31 March 2019 (£17.157m at 31 March 2018).

The director of Destination Manchester Limited during 2018/19 was Carol Culley, Deputy Chief Executive and City Treasurer

There is one non-executive directors on the board of Manchester Airports Holdings Limited who is a representative of the Council. This is Councillor Sir Richard Leese, Leader of the Council.

Note 19. Cash Flow Statement - Adjustments to net deficit / (surplus) on the provision of services for non-cash movements

	2017/18 £000s	2018/19 £000s
Depreciation of non-current assets	(67,335)	(73,011)
Impairment of non-current assets	(24,564)	(77,238)
Amortisation of intangible non-current assets	(128)	(130)
Pension fund adjustments	(62,284)	(61,840)
Movement in market value of investment property	33,443	29,690
Differences between statutory accounting and amounts recognised as income and expenditure in relation to financial instruments	88	(3,260)
(Increase) in impairment provision for bad debts	(7,421)	(7,657)
Contributions to provisions	(6,703)	(2,988)
Carrying amount of property, plant and equipment, investment properties and intangible assets sold	(63,500)	(34,269)
Amount by which council tax income and business rates adjustment included in the comprehensive income and expenditure statement is different from the amount taken to the general fund in accordance with regulation	(8,865)	(5,636)
Other non-cash movements	2,453	19,526
Increase / (decrease) in inventories	12	0
Increase / (decrease) in debtors (less capital)	57,801	(38,358)
Increase / (decrease) in interest debtors	6,209	(3,657)
(Increase) in creditors (less capital)	(17,697)	11,332
(Increase) / decrease in interest creditors	(47)	5
Total	(158,539)	(247,491)

Note 20. Cash Flow Statement - Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities

	2017/18 £000s	2018/19 £000s
Proceeds from the disposal of property, plant and equipment, investment properties and intangible assets	113,457	50,179
Capital Grants credited to deficit on the provision of services	69,963	98,107
Other adjustments for items included in the net deficit on the provision of service that are investing or financing activities	(21,990)	(25,420)
Total	161,430	122,866

Note 21. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2017/18 £000s	2018/19 £000s
Interest received	(8,117)	(26,629)
Interest paid	34,946	33,642
Dividends received	(52,966)	(62,019)
Taxation	(456)	(519)

Note 22. Cash Flow Statement - Investing Activities

	2017/18 £000s	2018/19 £000s
Purchase of plant, property and equipment, investment property and intangible assets	221,616	399,933
Purchase of short term and long term investments	0	4,000
Proceeds of plant, property and equipment, investment property and intangible assets	(113,457)	(50,179)
Capital grants received	(122,877)	(46,807)
Other receipts from investing activities	(12,241)	(12,629)
Total	(26,959)	294,318

Note 23. Cash Flow Statement - Financing Activities

	2017/18 £000s	2018/19 £000s
Repayments of long and short term borrowing	18,020	76,266
Cash payments for the reduction of outstanding liabilities relating to finance leases and PFI contracts	11,486	15,647
Cash receipts of long and short-term borrowing	(12,251)	(272,774)
Net (receipts) relating to preceptors element of council tax	9,871	830
Net (receipts) relating to national non domestic rates for government and GMCA fire element proportions	(15,155)	6,478
Total	11,971	(173,553)