GLOSSARY

**Capital Expenditure** – Expenditure that results in the creation of a new asset, or increases the life or capacity provided by an existing asset.

**Depreciation (amortisation)** – an expense charged each year to reflect the estimated cost of using our assets over their lives. Amortisation relates to ‘intangible’ assets such as software (as distinct from physical assets, which are covered by the term depreciation).

**Fair value** – essentially reflects the market value of assets or liabilities.

**Investment properties** – these are properties that are primarily held by the Council to earn rental income.

**Operating Expenditure** – Expenditure related to providing Council Services. This excludes any capital expenditure.

**Prudential limits** – these are limits applied to the level of borrowings to ensure we are managing the Council’s assets and liabilities prudently. These limits are outlined in the Investment and Liability Policy and Financial Strategy in the Long Term Plan.

**Renewal** – A renewal is capital expenditure that relates to the replacement of existing assets.

**Ring-fenced** – funds that can only be used for a specific purpose.

**Upgrade Capital Expenditure** – Capital expenditure that improves the level of service or meets additional demand for a service.