

DRAFT



STATEMENT OF ACCOUNTS

2013-2014



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Statement of Responsibilities

The Borough Council's Responsibilities

The Authority is required to:-

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Chief Financial Officer, Lorraine Gore;
- Manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets;
- Approve the Statement of Accounts.

Certification

I confirm that this Statement of Accounts was approved by Council at the meeting held on 25 September 2014.

Signed on behalf of the Borough Council of King's Lynn and West Norfolk

Barry Ayres

Mayor of the Borough Council of King's Lynn and West Norfolk as Chair of the Meeting

25 September 2014

Chief Financial Officer's Responsibilities

The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the Chartered Institute of Public Finance and Accountancy (CIPFA) 'Code of Practice on Local Authority Accounting in the United Kingdom' (the Code), is required to present the true and fair financial position of the Authority and its income and expenditure for the year ended 31 March 2014.

In preparing the Statement of Accounts, the Chief Financial Officer has:-

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code of Practice.

The Chief Financial Officer has also:-

- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with the Accounts and Audit (England) Regulations 2011, I certify that the Statement of Accounts presents a true and fair view of the financial position of the Borough Council of King's Lynn and West Norfolk as at 31 March 2014, and its income and expenditure for the year then ended.



Lorraine Gore
Chief Financial Officer
30 June 2014

Explanatory Foreword

1 Introduction

The Statement of Accounts consists of summaries which deal with different aspects of the Authority's activities and a Consolidated Balance Sheet which sets out the financial position of the Authority as at 31 March 2014. Of the summaries some are recognised as Core Financial Statements, detailed below:

- Movement in Reserves Statement
- Comprehensive Income and Expenditure Statement (CIES)
- Balance Sheet
- Cash Flow Statement
- Collection Fund

All of the above are supported by the Statement of Accounting Policies as set out on pages 87 to 111 and various notes to the accounts.

2 Annual Governance Statement

The Annual Governance Statement, which can be found at: 'http://www.west-norfolk.gov.uk/pdf2014_Annual_Governance_Statement', provides a review of the effectiveness of the Council's governance framework, internal control and risk management arrangements.

3. Summary of Accounts 2013/2014

The Council set a revised budget of £18,231,810 intending to add £818,360 to its General Fund balance to give a Budget Requirement of £19,050,170.

The outturn position for the year shows expenditure of £18,203,377 and a transfer of £846,793 to the General Fund Balance thereby meeting the Budget Requirement of £19,050,170. The movement of the General Fund balance is detailed below. The outturn position is incorporated within the deficit on provision of services shown on page 12, Comprehensive Income and Expenditure Statement.

	2013/2014		2013/2014		2013/2014	
	Original Budget		Revised Budget February 2013		Actual	
	£'000	£'000	£'000	£'000	£'000	£'000
Balance brought forward		(3,873)		(3,873)		(3,873)
Expenditure in the year	18,591		18,232		18,203	
Budget Requirement	18,960		19,050		19,050	
(Surplus)/Deficit for year		(369)		(818)		(847)
Balance carried forward		(4,242)		(4,691)		(4,720)

4. Accounting for Current Economic Conditions

The 2013/2014 financial year has continued to be dominated by the challenging economic conditions in the UK and the global economy. In February 2013 the Council set a Financial Plan for 2012/2016 which included £2.4m of planned use of the general fund balance over the period. The Council's approach has been to act early in delivering on-going savings through its cost reduction programme. The cost reduction programme which began in 2009 achieved savings of £0.45m in 2013/2014. During the year ended 31 March 2014, the Council continued to look for opportunities to produce budget savings and an additional £1.6m was transferred to Earmarked Reserves to support future needs. Past experience shows that it is important to gain savings as soon as possible and the Council will continue to seek changes and opportunities to reduce costs.

5. Overall Financial Position 2013/2014

Given the previous comment on Accounting for Current Economic Conditions, the Statement of Accounts indicates that the Authority's financial health remains adequate at the end of 2013/2014. The Balance Sheet identifies that the Authority continues to maintain reserves and balances sufficient to meet its future commitment in terms of capital and revenue spending plans.

6. Major Influences on the Council's Accounts during 2013/2014

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give the Council a greater incentive to grow businesses in the Borough. It does, however, also increase the financial risk due to non-collection and the volatility of the National Non Domestic Rates (NNDR) tax base. The scheme allows the Council to retain a proportion of the total NNDR received. The Borough Council of King's Lynn and West Norfolk's share is 40% with the remainder paid to precepting bodies. For the Borough Council of King's Lynn and West Norfolk, the NNDR precepting bodies are Central Government (50% share) and Norfolk County Council (10% share).

7. Capital

During 2013/2014, the Authority spent £6,890,000 on capital projects. Major areas of spending were:

Hunstanton Regeneration	£392,968
ICT Development Programme	£380,317
NORA Housing Development (50% share of jointly controlled asset with Norfolk County Council)	£1,588,140
Pontoons	£180,202
Private Sector Housing Assistance	£1,047,298
Refurbishment of Tuesday Market Place	£892,784
Refuse and Recycling Contract Replacement Bins	£1,299,297
Road Widening QE Hospital Roundabout	£199,969

8. Summary of Capital Expenditure 2012/2013 and 2013/2014

The Capital Expenditure of the Authority's principal portfolios recorded in the budget reports for the year 2012/2013 was as follows:

	2012/2013
	Outturn
	£'000
Community and Democracy	1,199
Environment Improvement and Protection	186
Housing	304
Performance and Resources	631
Regeneration	1,973
Safer and Healthy Communities	28
Sub Total	4,321
Disabled Facility Grants, Housing Grants and Other Grants	988
Capital Programme Outturn	5,309

In 2013/2014 the Council changed the reporting format for the Capital Programme. The Capital Expenditure 2013/2014 in the new format is as follows:

	2013/2014
	Outturn
	£'000
Major Projects	3,003
Central and Community Services	328
Chief Executive	314
Commercial Services	1,970
Environment and Planning Services	0
Resources	306
SubTotal	5,921
Disabled Facility Grants, Housing Grants and Other Grants	969
Capital Programme Outturn	6,890

9. Capital Programme 2014/2015 to 2016/2017

	2014/2015	2015/2016	2016/2017	Total
	£'000	£'000	£'000	£'000
Capital Programme	13,919	4,295	5,183	23,397
Sources of Finance:				
Specific Capital Grants	604	604	604	1,812
Capital Receipts	7,772	2,050	350	10,172
External Borrowing	1,970	0	0	1,970
Reserves	3,297	929	3,642	7,868
Unsupported Borrowing	276	712	587	1,575
Total Resources Available	13,919	4,295	5,183	23,397

10. General Fund

The 2013/2014 outturn is within budget and allows the Council to set aside funds for a variety of future demands in addition to carrying forward a General Fund balance that is higher than originally estimated.

The performance of General Fund expenditure against estimates was as follows:

	Revised Estimate	Actual	Difference Revised to Actual
	2013/2014	2013/2014	2013/2014
Corporate	4,149,390	5,132,431	983,041
Democracy	1,216,350	1,138,742	(77,608)
Service Areas:			
Central & Community Services	2,108,780	1,745,683	(363,097)
Chief Executive	1,896,640	1,980,474	83,834
Commercial Services	6,618,360	6,489,645	(128,715)
Environmental & Planning	1,862,510	1,753,252	(109,258)
Resources	296,550	230,762	(65,788)
Service Area Totals	18,148,580	18,470,989	322,409
Financing Adjustment	(3,173,600)	(3,533,427)	(359,827)
Internal Drainage Boards	2,591,150	2,591,146	(4)
Special Expenses	164,450	173,428	8,978
Council Tax Support to Parishes	141,230	141,241	11
Contribution to Business Rate Retention Reserve	360,000	360,000	0
Total	18,231,810	18,203,377	(28,433)

Service Managers over the year ending 31st March 2014 have continued to look for opportunities to produce budget savings that support the Council's drive for reduction in costs. These savings have been reported as part of the Council's monthly monitoring process. In setting the estimates for 2013/2014, in February 2013, it was anticipated that there would be a need to draw £369,360 from the General Fund balance. Outturn figures show that there will in fact be a contribution of £846,793 to balances which arises from savings in the year of £449,000. A number of the budget savings were 'one-offs' and will not necessarily be repeated in future years.

11. Current Borrowing Facilities

In April 2013, the Authority's borrowing limit for 2013/2014 was established at £30m, with the upper limit on fixed interest loans set at £30m and the upper limit on variable rate loans set at £20m

The borrowing requirement for the Authority represents the amount of borrowing the Authority may require as a result of the demands of both the capital programme and movement in reserves and balances.

12. The Euro

The Authority has neither incurred, nor expects to incur, any material expenditure in relation to the direct costs associated with the potential introduction of the Euro in the UK.

13. Accounting Policies

The accounting policies adopted by the Authority comply with recommended practices and are set out on pages 87 to 111.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The deficit on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES). These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting. The net (increase)/decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

Note	Movements in Reserves during 2012/2013	General Fund Balance	Earmarked General Fund Reserves	Usable Capital Receipts	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Balance at 1 April 2012 Brought Forward	(3,551)	(12,400)	(1,306)	(1,062)	(18,319)	(105,530)	(123,849)
CIES	Deficit on Provision of Services	1,973	0	0	0	1,973	0	1,973
CIES	Other Comprehensive Expenditure and Income	0	0	0	0	0	6,958	6,958
CIES	Total Comprehensive Expenditure and Income	1,973	0	0	0	1,973	6,958	8,931
5	Adjustments between Accounting Basis and Funding Basis under Regulations	(3,651)	0	(1,708)	(257)	(5,616)	5,616	0
	Net Decrease before Transfers to Earmarked Reserves	(1,678)	0	(1,708)	(257)	(3,643)	12,574	8,931
6	Transfer to/from Reserves	1,356	(1,356)	0	0			
	(Increase)/Decrease in Year 2012/2013	(322)	(1,356)	(1,708)	(257)	(3,643)	12,574	8,931
	Balance at 31 March 2013 Carried Forward	(3,873)	(13,756)	(3,014)	(1,319)	(21,962)	(92,956)	(114,918)

Note	Movements in Reserves during 2013/2014	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Usable Capital Receipts £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
	Balance at 1 April 2013 Brought Forward	(3,873)	(13,756)	(3,014)	(1,319)	(21,962)	(92,956)	(114,918)
CIES	(Surplus)/Deficit on Provision of Services	4,816	0	0	0	4,816	0	4,816
CIES	Other Comprehensive Expenditure and Income	0	0	0	0	0	(6,194)	(6,194)
CIES	Total Comprehensive Expenditure and Income	4,816	0	0	0	4,816	(6,194)	(1,378)
5	Adjustments between Accounting Basis and Funding Basis under Regulations	(8,553)	0	929	280	(7,344)	7,344	0
	Net (Increase) before Transfers to Earmarked Reserves	(3,737)	0	929	280	(2,528)	1,150	(1,378)
6	Transfer to/from Reserves	2,720	(2,720)	0	6	6	(6)	0
	(Increase)/Decrease in Year 2013/2014	(1,017)	(2,720)	929	286	(2,522)	1,144	(1,378)
	Balance at 31 March 2014 Carried Forward	(4,890)	(16,476)	(2,085)	(1,033)	(24,484)	(91,812)	(116,296)

The purposes of these reserves are:

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an Authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise.

Earmarked General Fund Reserves

Amounts set aside from the General Fund Balance in to earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure. See Note 6 for details.

Usable Capital Receipts Reserve

Holds the proceeds from the disposal of non-current assets, which are available to finance capital expenditure in future years.

Capital Grants Unapplied Reserve

Holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2012/2013 Restated					2013/2014		
Gross Expenditure	Gross Income	Net Expenditure	Note		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000			£'000	£'000	£'000
1,621	519	1,102		Central Service to the Public	2,299	1,384	915
4,443	935	3,508		Corporate and Democratic core	4,341	154	4,187
11,901	6,707	5,194		Cultural and Related Services	12,119	6,069	6,050
11,355	5,062	6,293		Environmental Services	11,188	6,058	5,130
6,755	2,749	4,006		Planning and Development Service	6,706	3,598	3,108
56,537	55,267	1,270		Housing General Fund	46,314	43,251	3,063
2,415	4,999	(2,584)		Highways and Transport Services	3,829	5,047	(1,218)
0	0	0		Non-distributed costs	164	0	164
95,027	76,238	18,789		Cost of Services	86,960	65,561	21,399
		3,921	7	Other Operating Expenditure			3,287
		(121)	8	Financing and Investment Income and Expenditure			771
		(20,616)	9	Taxation and Non-specific Grant Income and Expenditure			(20,641)
		1,973	16	(Surplus) or Deficit on Provision of Services			4,816
		(1,051)		Surplus on revaluation of Non-current assets			(2,582)
		8,009	22	Actuarial losses on pensions assets/liabilities			(3,612)
		6,958		Other Comprehensive Income and Expenditure			(6,194)
		8,931		Total Comprehensive Income and Expenditure			(1,378)

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date, of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold: and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2013	Note		31 March 2014
£'000			£'000
102,745	29	Property, Plant and Equipment	104,537
19,105	28	Heritage Assets	17,954
28,317	26	Investment Property	28,146
573	27	Intangible Assets	609
2,048	38	Long Term Investments	5,047
1,033	33	Long Term Receivables	1,037
153,821		Long Term Assets	157,330
19,923	38	Short Term Investments	15,826
114		Inventories	118
5,794	32	Short Term Receivables	3,743
6,067	15	Cash and Cash Equivalents	11,349
1,095	31	Assets Held for Sale	386
32,993		Current Assets	31,422
(6,514)	38	Short Term Borrowing	(3,098)
(6,772)	34	Short Term Payables	(9,159)
(13,286)		Current Liabilities	(12,257)
(971)	37	Grants Receipts in Advance	(1,866)
(11,300)	38	Long Term Borrowing	(13,600)
(436)		Other Long Term Liabilities	(312)
(45,903)	22	Pension Liabilities	(44,421)
(58,610)		Long Term Liabilities	(60,199)
114,918		Net Assets	116,296
(21,962)	MIR	Usable Reserves	(24,484)
(92,956)	11	Unusable Reserves	(91,812)
(114,918)		Total Reserves	(116,296)

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded, by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash flows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2012/2013	Note		2013/2014
£'000			£'000
(1,973)	CIES	Deficit on the Provision of Services	(4,816)
5,936		Adjust Net Deficit on the Provision of Services for Non Cash Movements	18,951
(4,751)		Adjust for Items included in the Net Deficit on the Provision of Services that are Investing and Financing Activities	(6,886)
(788)	12	Net Cash flows from Operating Activities	7,249
3,948	13	Investing Activities	(541)
(948)	14	Financing Activities	(1,426)
2,212		Net Increase in Cash and Cash Equivalents	5,282
3,855		Cash and Cash Equivalents at the Beginning of the Reporting Period	6,067
6,067	15	Cash and Cash Equivalents at the End of the Reporting Period	11,349

Notes to Core Financial Statements

1 Restatements – Prior Period Adjustments

There are no prior period adjustments within the Statement of Accounts for 2013/2014.

2 Accounting Standards Issued, Not Adopted

The Council is required to disclose information relating to the impact of an accounting change on the financial statements, as a result of the adoption by the Code of a new standard that has been issued but is not yet required to be adopted by the Council.

The Code of Practice on Local Authority Accounting in the UK 2014/2015 has introduced changes to the following standards:

IFRS 10 – Consolidated Financial Statements. The new standard identifies a single definition of control for the basis of consolidation. This does not currently have a material effect on these financial statements, although it may have an effect in future years.

IFRS 11 – Joint Arrangements. The new standard introduces a pre-requisite that there must be joint control, based on the share of rights and obligations, rather than legal structure and specifies the resulting accounting treatment. This does not currently have a material effect on these financial statements, although it may have an effect in future years.

IFRS 12 – Disclosure of Interests in Other Entities. The new standard introduces the need to disclose greater detail of material interests in other entities to aid users in their evaluation of the financial statements. The Council does not expect this to have a material effect on the financial statements.

Other changes to the following standards are not expected to materially impact on the Council:

IAS 27 Separate Financial Statements (as amended in 2011);

IAS 28 Investments in Associates and Joint Ventures (as amended in 2011);

IAS 32 Financial Instruments: Presentation;

Annual Improvements to IFRSs 2009-2011 Cycle.

3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out on pages 87 to 111, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Impairment of Non-Current Assets – there is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of changes in levels of service provision.

4 Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The preparation of Financial Statements requires Management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for the Revenues and Expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next Financial Year are:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Service reviews have led to a reduction in expenditure; however there has not been a reduction in repair and maintenance of assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. The net book value of the Authority's property, plant and equipment assets is £105m as at 31 March 2014. Of this £53m relates to land which is not subject to depreciation and is considered to have an infinite life. Vehicle, plant and equipment assets account for £5m with asset lives between 5 and 15 years. If the asset lives are reduced by 1 year across vehicle, plant and equipment it is estimated that depreciation would increase by £289,000 and the value of the assets decrease. For buildings the asset life is up to 60 years unless the asset has major components which are depreciated separately. It is estimated that if the asset life for buildings reduced by 1 year, depreciation would increase by £172,000 and the value of the asset decrease.
Heritage Assets	Heritage assets are assets held by the Authority principally for their contribution to knowledge or culture. The Valuation of Heritage assets held by the Authority is undertaken by external specialist valuers with reference to appropriate commercial markets using the most recent and relevant information available. Due to the diverse and unique nature of Heritage assets it is possible that the assumptions on which the valuations are based may change.	If the valuation of the Heritage asset was to change plus or minus 1% this would change the carrying amount of these assets reported in the Balance Sheet as at 31 March 2014 by £180,000. The carrying value on the Balance Sheet of Heritage Assets as at 31 March 2014 was £17,954,000.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension's liability of changes in individual assumptions can be measured. For instance a 0.5% decrease in the real discount rate would increase employer liability by 9% and cost £13,429,000; a one year increase in member life expectancy would increase employer liability by 3% and cost £4,386,000; a 0.5% increase in the salary increase rate would lead to an increase of 3% in employer liability and cost £4,079,000 and a 0.5% increase in the pension increase rate would increase employer liability by 7% and cost £9,228,000.</p> <p>However, the assumptions interact in complex ways. The carrying value on the Balance Sheet of Pensions Liability as at 31 March 2014 was (£44,421,000).</p>
Arrears	<p>At 31 March 2014, the Authority had a balance of sundry receivables of £1,696,701. A review of significant balances suggested that an allowance for doubtful debts of 33% (£547,000) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.</p>	<p>If Collection rates were to deteriorate, a doubling of the amount of doubtful debts would require an additional £302,300 to be set aside as an allowance.</p>
Business Rate Appeals	<p>Since the introduction of Business Rates Retention Scheme, effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2015. The estimate has been calculated using the Valuation Office (VAO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31 March 2015</p>	<p>If the average success rate of NNDR appeals was to increase by 1% the Council would have to increase its NNDR appeals provision by £80,000.</p>

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

5 Movement in Reserves Statement – Adjustments between Accounting Basis and Funding Basis under Regulations

These notes detail adjustments made to the local CIES recognised by the Authority in the year, in accordance with proper accounting practices. They refer to resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

General Fund Balance	2012/2013		Movement in Unusable Reserves		General Fund Balance	2013/2014		Movement in Unusable Reserves
	Usable Reserves					Usable Capital Receipts	Capital Grants Unapplied	
	Usable Capital Receipts	Capital Grants Unapplied						
£'000	£'000	£'000	£'000	Adjustments Involving the Capital Adjustment Account	£'000	£'000	£'000	£'000
				Reversal of items Debited/(Credited) to the CIES:				
(4,126)			4,126	Charges for Depreciation and Impairment of Non-Current Assets	(5,432)			5,432
0			0	Revaluation Losses on Property, Plant and Equipment (Note 11-CAA)	(507)			507
0			0	Revaluation Losses on Heritage (Note 11-CAA)	(1,276)			1,276
16			(16)	Movements in the Market Value of Investment Properties	(207)			207
(583)			583	Reverse Impairments in year from Revaluation Increase	(2,521)			2,521
(111)			111	Amortisation of Intangible Assets	(116)			116
(1,969)			1,969	Revenue Expenditure Funded from Capital under Statute	(1,287)			1,287
(2,139)			2,139	Amounts of Non-Current Assets written off on disposal or sale as part of the (Gain)/Loss on Disposal to the CIES	(830)			830
(167)			167	Soft Loans - Adjustments	(50)			50
723			(723)	Capital Grants and Contributions Applied	2,083			(2,083)
				Insertion of items not Debited/(Credited) to the CIES				
229			(229)	Statutory Provision for the Financing of Capital Investment	338			(338)
563			(563)	Additional Provision for the Financing of Capital Investment relating to Internal Repayment of Prudential Borrowing	475			(475)
812			(812)	Capital Expenditure charged against the General Fund	2,090			(2,090)
(15)			15	Principal repayment of Finance Leases where the Council is the lessor	(15)			15
116			(116)	Principal repayment of Finance Leases where the Council is the lessee	124			(124)
				Adjustment primarily involving the Capital Grants Unapplied Account				
0		204	(204)	Application of Grants to Capital Financing transferred to the Capital Adjustment Account for Revenue Expenditure Funded from Capital under Statute			318	(318)
461		(461)	0	Capital Grants and Contributions unapplied credited to the Comprehensive Income and Expenditure Statement	38		(38)	0

DRAFT STATEMENT OF ACCOUNTS BOROUGH COUNCIL OF KING'S LYNN AND WEST NORFOLK

General Fund Balance	2012/2013		Movement in Unusable Reserves		General Fund Balance	2013/2014		Movement in Unusable Reserves
	Usable Receipts					Usable Reserves		
	Usable Capital Receipts	Capital Grants Unapplied					Usable Capital Receipts	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
				Adjustment Primarily Involving the Capital Receipts Reserve				
	(2,916)		0	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	1,855	(1,855)		0
0	1,326		(1,326)	Use of Capital Receipts Reserve to Finance New Capital Expenditure	0	2,850		(2,850)
(5)	5		0	Contribution from the Capital Receipts Reserve to Finance the payments to the Government Capital Receipts Pool	(4)	4		0
123	(123)		0	Repayment of Improvement Grant and Release of Covenant	70	(70)		0
				Deferred Capital Receipts				
(7)			7	Mortgage Principal Repaid	(6)			6
				Adjustments Involving the Financial Instruments Adjustment Account:				
154			(154)	Amount by which Finance Costs Charged to the CIES are different from Finance Costs Chargeable in the Year (in accordance with statutory requirements)	80			(80)
				Adjustments Involving the Pensions Reserve:				
(3,357)			3,357	Reversal of items relating to Post Employment Benefits Debited/(Credited) to the (Surplus)/Deficit on the Provision of Services in the CIES (Note 22)	(4,985)			4,985
2,706			(2,706)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	2,855			(2,855)
				Adjustments Involving the Collection Fund Adjustment Account:				
(1)			1	Amount by which Council Tax Income Credited to the CIES is different from Council Tax Income Calculated for the Year (in accordance with statutory requirements)	(59)			59
				Amount by which Non-Domestic Rates Income Credited to the CIES is different from Council Tax Income Calculated for the Year (in accordance with statutory requirements)	(1,276)			1,276
				Adjustment Involving the Accounting Compensated Absences Adjustment Account:				
10			(10)	Amount by which Officer Remuneration charged to the CIES on an Accruals basis is different from Remuneration Chargeable in the Year (in accordance with statutory requirements)	10			(10)
(6,567)	(1,708)	(257)	5,616	Total Adjustments	(8,553)	929	280	7,344

6 Movement in Reserves Statement – Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves, to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2013/2014.

	Balance at 31 March 2012	Transfer Out 2012/2013	Transfer In 2012/2013	Balance as at 31 March 2013	Reclassification 2013/2014	Transfer Out 2013/2014	Transfer In 2013/2014	Balance as at 31 March 2014
	£'000	£'000	£'000	£'000		£'000	£'000	£'000
General Fund:								
Amenity Areas Reserve	287	(86)	42	243	0	(16)	1	228
Capital Programme Resources Reserve	4,144	(610)	771	4,305	1,344	(2,134)	3,829	7,344
West Norfolk Partnership	1,656	(572)	600	1,684	0	(1,448)	156	392
Insurance Reserve	124	(37)	31	118	0	(2)	26	142
Restructuring Reserve	826	(31)	5	800	0	0	6	806
Repairs and Renewals Reserve	2,008	(353)	911	2,566	(1,833)	(80)	161	814
Holding Accounts	2,029	(264)	307	2,072	(225)	(125)	589	2,311
Ring Fenced Reserve	464	(394)	1,118	1,188	151	(118)	36	1,257
Planning Reserve	794	(96)	0	698	0	(100)	0	598
Grants Reserves	0	0	0	0	97	(41)	379	435
Other	68	0	14	82	466	(42)	1,643	2,149
Total	12,400	(2,443)	3,799	13,756	0	(4,106)	6,826	16,476

Movement in Reserves Statement – Purpose of Reserve

Amenity Areas Reserve – used to maintain amenity land on housing and other sites.

Capital Programme Resources Reserve – used to fund the Capital Programme including replacement of vehicles and personal computers. It has been established by annual contributions from the revenue budget and is a combination of various specific capital reserves. This now includes the Affordable Housing and Shared Services (Revenue) reserves.

West Norfolk Partnership – tackles problems affecting residents of West Norfolk in a joint initiative between public, private and voluntary sector organisations. The reserve also includes the balance on the Safer, Stronger Communities Initiative and the Government funded Community Cohesion.

Insurance Reserve – was established to fund expenditure required as necessary by our Insurance Company and also to meet areas of risk management expenditure.

Restructuring Reserve – meets any future in-year costs arising through service reviews and changes in staffing structure.

Repairs and Renewals Reserve – are maintained to help equalise the impact on the revenue accounts of programmed repairs. Annual contributions help to maintain the levels of the funds.

Holding Accounts – there are a number of reserves included under this heading, the main reserves include: £400,000 to support the revenues budget reduction in investment returns, £280,000 salary on-cost/administration holding account to support the revenue budget in respect of over/under recovery of recharges, £266,000 housing reserves in particular Homelessness Projects, £300,000 Local Public Service Agreement Reserves for cleansing and refuse/recycling, £148,000 Legal Commissioning Reserve, £171,000 Elections Reserve.

Ring Fenced Reserve - can only be used for specific purposes. Included are Section 106 Funds, the Building Control account and Trust Funds that are administered by the Authority on behalf of trustees.

Planning Reserve – used to enable the Council to fulfil its planning role.

Grants Reserves - money received from external bodies for specific tasks.

Other Earmarked Reserves - reflect primarily suspense accounts of the various feeder systems and the Collection Fund.

7 Comprehensive Income and Expenditure Statement – Other Operating Expenditure

2012/2013		2013/2014
£'000		£'000
2,205	Parish Council Precepts	1,784
2,580	Levies	2,591
5	Payments to the Government Housing Capital Receipts Pool	4
(869)	Net (Gains) on the Disposal of Non-current Assets	(1,092)
3,921		3,287

8 Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure

2012/2013		2013/2014
£'000		£'000
472	Interest Payable and similar charges	471
1,189	Pensions Interest Cost and Expected Return on Pensions Assets	2,065
(446)	Interest (Receivable) and similar income	(307)
(16)	Net (Gains) and Losses on Fair Value Adjustments on Investment Properties	207
(1,320)	Net (Income) from Investment Properties	(1,665)
(121)		771

9 Comprehensive Income and Expenditure Statement – Taxation and Non-Specific Grant Income and Expenditure

2012/2013		2013/2014
£'000		£'000
(8,184)	Council Tax (Income)	(8,132)
(10,883)	Non-domestic Rates (Income and Expenditure)	(3,520)
(1,549)	Non-Ring fenced Government Grants (Income)	(8,989)
(20,616)		(20,641)

10 Comprehensive Income and Expenditure Statement – Material Item of Income and Expenditure 2013/2014

In 2013/2014 an increase in the Fair Value of Employees Pension assets of (£7,633,000) and an increase in the present value of Funded Liabilities of £6,151,000 have decreased the Authority's Pensions liabilities to £44,421,000.

11 Balance Sheet – ReservesUsable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement on Page 9-11.

Unusable Reserves

2012/2013		2013/2014
£'000		£'000
(11)	Deferred Capital Receipts	(5)
(45,491)	Revaluation Reserve	(47,283)
(94,076)	Capital Adjustment Account	(90,909)
784	Financial Instruments Adjustment Account	704
45,903	Pensions Reserve	44,421
(278)	Collection Fund Adjustment Account	1,057
213	Accumulating Compensated Absences Adjustment Account	203
(92,956)		(91,812)

Deferred Capital Receipts

2012/2013		2013/2014
£'000		£'000
(18)	Balance Brought Forward	(11)
7	Principal Repayments due in Year	6
(11)		(5)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

2012/2013		2013/2014
£'000		£'000
(46,355)	Balance at 1 April	(45,491)
(2,840)	Upward Revaluation of Assets	(2,881)
1,739	Impairment Losses	227
50	Derecognition of Assets	72
(1,051)	In Year Surplus on revaluation of non-current assets	(2,582)
309	Difference between Fair Value Depreciation and Historical Cost Depreciation	283
992	Accumulated Gains on Assets Sold or Scrapped written off to the Capital Adjustment Account	507
0	Impairments Written Off to the Capital Adjustment Account	0
614	Reclassification of Assets Written Off to the Capital Adjustment Account	0
1,915	In Year amounts written out to the Capital Adjustment Account	790
(45,491)		(47,283)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for the consumption of Non-Current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 5 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2012/2013		2013/2014
£'000		£'000
(97,282)	Balance at 1 April	(94,076)
4,126	Charges for Depreciation and Impairment of Non-Current Assets	5,432
0	Revaluation Losses on Property, Plant and Equipment	507
0	Revaluation Losses on Heritage Assets	1,276
583	Reverse Impairments in year from Revaluation Increase	2,521
111	Amortisation of Intangible Assets	116
1,765	Revenue Expenditure Funded from Capital Under Statute (Net)	969
2,243	Amounts of Non-Current Assets Written Off on Disposal or Sale as part of the (Gain)/Loss on Disposal to the CIES Statement	830
(1,915)	Adjusting Amounts Written out of the Revaluation Reserve	(790)
(104)	Write out Depreciation on Disposals, Revaluations and Impairment	0
(723)	Capital Grants and Contributions Credited to the CIES that have been applied to Capital Financing	(2,083)
0	Capital Grants from reserves applied to capital Financing	(6)
(1,326)	Application of Capital Receipts	(2,850)
(812)	Capital Expenditure Charged Against the General Fund	(2,090)
(229)	Statutory Provision for the Financing of Capital Investment charged against the General Fund Balance	(338)
(563)	Additional Provision for the Financing of Capital Investment relating to Internal Repayment of Prudential Borrowing	(475)
(16)	Movements in the Market Value of Investment Properties Debited/(Credited) to the CIES	207
15	Principal repayment of Finance Leases where the Council is the lessor	15
(116)	Principal repayment of Finance Leases where the Council is the lessee	(124)
167	Soft Loans - Principal repaid	50
(94,076)	Balance at 31 March	(90,909)

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account contains the difference between financial instruments measured at fair value and the balances required to comply with statutory requirements. As part of its Private Sector Housing Policy the Authority makes loans to private individuals at nil interest. This means that market rates of interest have not been charged and these loans are classified as soft loans. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the Income and Expenditure Account to the net credit required against the General Fund Balance is managed by a transfer to/from the Financial Instruments Adjustment Account in note 5.

2012/2013		2013/2014
£'000		£'000
938	Balance at 1 April	784
(154)	In Year fair value adjustment of Private Sector Housing Loans	(80)
784	Balance at 31 March	704

Movement in Reserves Statement – Adjustments between Accounting Basis and Funding Basis under Regulations, note 5.

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension's funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2012/2013		2013/2014
£'000		£'000
37,243	Balance at 1 April	45,903
8,009	Actuarial (Gains)/Losses on Pensions Assets and Liabilities	(3,612)
3,357	Reversal of items relating to Retirement Benefits on the Provision of Services in the CIES	4,985
(2,706)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(2,855)
45,903	Balance at 31 March	44,421

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2012/2013	2012/2013	2012/2013		2013/2014	2013/2014	2013/2014
£'000	£'000	£'000		£'000	£'000	£'000
Council Tax	NNDR	Total		Council Tax	NNDR	Total
(278)		(278)	Balance at 1 April	(278)	0	(278)
0	0	0	Amount by which Council Tax Income Credited to the CIES is different from Council Tax Income calculated for the Year in Accordance With Statutory Requirements.	59	0	59
0	0	0	Amount by which NNDR Income Credited to the CIES is different from NNDR Income calculated for the Year In Accordance With Statutory Requirements	0	1,276	1,276
(278)	0	(278)	Balance at 31 March	(219)	1,276	1,057

Accumulated Compensated Absences Adjustment Account

The Accumulated Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2012/2013		2013/2014
£'000		£'000
222	Balance at 1 April	213
(222)	Settlement or cancellation of accrual made at the end of the preceding year	(213)
213	Amounts accrued at the end of the current year	203
213	Balance at 31 March	203

12 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2012/2013		2013/2014
£'000		£'000
405	Interest Received	264
(557)	Interest Paid	(467)
(152)	Total	(203)

13 Cash Flow Statement – Investing Activities

2012/2013		2013/2014
£'000		£'000
(1,877)	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(7,842)
(142,809)	Purchase of Short Term and Long Term Investments	(136,746)
0	Other Payments for Investing Activities	(16)
1,612	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	1,300
143,505	Proceeds from Short Term and Long Term Investments	137,947
3,517	Other Receipts from Investing Activities	4,816
3,948	Net Cash Flows from Investing Activities	(541)

14 Cash Flow Statement – Financing Activities

2012/2013		2013/2014
£'000		£'000
24,333	Cash Receipts of Short and Long Term Borrowing	11,700
(116)	Cash Payments for the reduction of the outstanding liabilities relating to Finance Leases	(124)
(24,330)	Repayments of Short and Long Term Borrowing	(12,820)
(835)	Other Payments for Financing Activities	(182)
(948)	Net Cash flows from Financing Activities	(1,426)

15 Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

2012/2013		2013/2014
£'000		£'000
13	Cash held by Officers	13
584	Bank Current Accounts	536
5,470	Short Term Deposits	10,800
6,067	Total Cash and Cash Equivalents	11,349

16 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the SeRCOP. However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across Cabinet Portfolios. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, impairment losses and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year; and
- expenditure on some support services is budgeted for centrally and not charged to portfolios.

The income and expenditure of the Authority's principal portfolios recorded in the budget reports for the year is as follows:

Service Head Income and Expenditure 2013/2014	Central & Community	Chief Executive	Commercial Services	Environment & Planning	Resources	Democracy	Corporate	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	(4,548)	(837)	(17,509)	(5,451)	(7,896)	(310)	(18)	(36,569)
Government Grants	(97)	(223)	(176)	0	(41,853)	(25)	(111)	(42,485)
Total Income	(4,645)	(1,060)	(17,685)	(5,451)	(49,749)	(335)	(129)	(79,054)
Employee Expenses	2,736	1,309	6,971	2,231	3,697	470	1,516	18,930
Other Service Expenses	2,722	1,107	15,596	1,762	43,253	630	2,358	67,428
Support Service Recharges	933	624	1,608	3,211	3,030	374	1,387	11,167
Total Expenditure	6,391	3,040	24,175	7,204	49,980	1,474	5,261	97,525
Net Expenditure	1,746	1,980	6,490	1,753	231	1,139	5,132	18,471

Portfolio Income and Expenditure 2012/13	Community and Democracy	Environmental Improvement and Protection	Housing GF	Performance and Resources	Regeneration	Safer and Healthy Communities	Shared Services	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	(12,641)	(4,530)	(1,463)	(12,019)	(3,523)	(1,779)	(941)	(36,896)
Government Grants	(7)	0	(240)	(40)	0	0	(52,886)	(53,173)
Total Income	(12,648)	(4,530)	(1,703)	(12,059)	(3,523)	(1,779)	(53,827)	(90,069)
Employee Expenses	5,156	1,082	1,404	9,122	282	259	1,528	18,833
Other Service Expenses	10,527	8,337	950	4,885	2,888	824	51,845	80,256
Support Service Recharges	1,076	1,126	534	3,564	2,591	950	1,526	11,367
Total Expenditure	16,759	10,545	2,888	17,571	5,761	2,033	54,899	110,456
Net Expenditure	4,111	6,015	1,185	5,512	2,238	254	1,072	20,387

Note: During the year 2013/2014, the Council amended the reporting structure from Portfolios to Service Heads.

Reconciliation of portfolio Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement

This reconciliation shows how the figures in the analysis of portfolio income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

	2012/2013	2013/2014
	£'000	£'000
Net Expenditure in the Portfolio Analysis	20,387	18,471
Net Expenditure of Services and Support Services not included in the Analysis	(1,600)	5,672
Amounts in the CIES not reported to Management in the Analysis	(32)	(861)
Allocation of Recharges	34	(1,883)
Net Cost of Services in CIES	18,789	21,399

The net expenditure of services and support services not included in the analysis includes items relating to adjustments required to pensions and capital financing, neither of which, have any net effect on the Council Tax requirement and, as such, are not included in normal budgetary reports.

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of portfolio income and expenditure relate to a subjective analysis of the (surplus) or deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2013/2014	Service Head Analysis	Services and Support Services not in Analysis	Amounts not reported to Management	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges and Other Service Income	(36,569)	4,292	0	11,037	(21,240)	0	(21,240)
Interest and Investment Income	0	(1,866)	0	0	(1,866)	(1,972)	(3,838)
Income from Council Tax	0	0	0	0	0	(8,132)	(8,132)
Government Grants and Contributions	(42,485)	30	0	0	(42,455)	(12,509)	(54,964)
Total Income	(79,054)	2,456	0	11,037	(65,561)	(22,613)	(88,174)
Employee Expenses	18,930	(7,722)	0	0	11,208	0	11,208
Other Service Expenses	67,428	5,990	0	(11,037)	62,381	0	62,381
Support Service Recharges	11,167	0	0	(1,883)	9,284	0	9,284
Depreciation, Amortisation and Impairment	0	4,948	(861)	0	4,087	0	4,087
Interest Payments	0	0	0	0	0	2,743	2,743
Precepts and Levies	0	0	0	0	0	4,375	4,375
Payments to Housing Capital Receipts Pool	0	0	0	0	0	4	4
Gain on Disposal of Non-Current Assets	0	0	0	0	0	(1,092)	(1,092)
Total Expenditure	97,525	3,216	(861)	(12,920)	86,960	6,030	92,990
(Surplus)/Deficit on the Provision of Services	18,471	5,672	(861)	(1,883)	21,399	(16,583)	4,816

2012/2013	Portfolio Analysis	Services and Support Services not in Analysis	Amounts not reported to Management	Allocation of Recharges	Net Cost of Services	Corporate Amounts	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	(36,896)	(4,833)	(551)	17,514	(24,766)	0	(24,766)
Interest and Investment Income	0	1,896	0	0	1,896	(1,782)	114
Income from Council Tax	0	0	0	0	0	(8,184)	(8,184)
Government Grants and Contributions	(53,173)	(195)	0	0	(53,368)	(12,432)	(65,800)
Total Income	(90,069)	(3,132)	(551)	17,514	(76,238)	(22,398)	(98,636)
Employee Expenses	18,833	(520)	0	0	18,313	0	18,313
Other Service Expenses	80,256	(2,987)	0	(17,514)	59,755	0	59,755
Support Service Recharges	11,367	0	0	34	11,401	0	11,401
Depreciation, Amortisation and Impairment	0	5,039	519	0	5,558	0	5,558
Interest Payments	0	0	0	0	0	1,661	1,661
Precepts and Levies	0	0	0	0	0	4,785	4,785
Payments to Housing Capital Receipts Pool	0	0	0	0	0	5	5
Gain on Disposal of Non-Current Assets	0	0	0	0	0	(869)	(869)
Total Expenditure	110,456	1,532	519	(17,480)	95,027	5,582	100,609
(Surplus)/Deficit on the Provision of Services	20,387	(1,600)	(32)	34	18,789	(16,816)	1,973

17 Agency Services

The Authority provides a Grass Cutting Service on behalf of Norfolk County Council and the Commonwealth Graves Commission, a Care and Repair Agency on behalf of Fenland and Breckland Councils and Car Parking Management Services on behalf of North Norfolk District Council and Norfolk County Council. The Authority also provides CCTV Services on behalf of Breckland District Council. These services are provided at cost plus an allowance for overheads.

	2012/2013	2013/2014
	£'000	£'000
Charge for Service:		
Grass Cutting Service	46	46
Care and Repair Service	231	224
Car Park Management Services	680	692
CCTV Services	20	87
	977	1,049

18 Joint Arrangements

The Council assesses on an annual basis relationships with other bodies, to identify the existence of any group relationships. A de-minimus level of £500,000 has been set for considering bodies to be included within group accounts.

The Council has not identified and does not in aggregate have any material interests in subsidiaries, associated companies or joint ventures and therefore is not required to prepare group accounts.

The Council is a member of four Joint Committees – CNC, NORA Housing Partnership, Norfolk Museums and Archaeology Service and Revenues and Benefits Partnership. The Council accounts include all of the Council's revenue transactions, assets and liabilities relating to these Committees.

Central Norfolk Councils (C.N.C.) Joint Committee and C.N.C. Consultancy Services Limited**Joint Committee**

On 1 September 2010, the Council joined Central Norfolk Councils (C.N.C.) Joint Committee. Under the CIPFA code the C.N.C. Joint Committee is classified as a jointly controlled operation. Existing members were Norwich City Council, Broadland District Council and South Norfolk District Council. The purpose of the C.N.C. Joint Committee is to provide building control services on behalf of the Council, which it does through C.N.C. Consultancy Services Limited.

Interest in Company

The Council has an interest in C.N.C. Consultancy Services Limited. The structure of the Company is that of an associate in accordance with the powers provided by the Local Government Act 2003. Its primary activities are building regulation and energy consultancy services. The Council owns 31,000 shares (or 25% of all shares) in C.N.C. Consultancy Services Limited; the cost of these shares was £31,000. Based on materiality, no group accounts have been included with the Councils Statement of Accounts for 2013/2014. Draft accounts may be obtained from C.N.C. Consultancy Services Limited, Thorpe Lodge, 1 Yarmouth Road, Norwich, Norfolk, NR7 0DU.

C.N.C. Consultancy Services Limited meets the requirements of the Companies Act for definition as a small company not requiring audit. The results for the period to 31 March are as follows:

	2012/2013	2013/2014
	£'000	£'000
Net Assets/(Liabilities) for the period	66	73
Profit/(Loss) for the period after tax	11	7

The King's Lynn Development Partnership

Under the CIPFA Code the King's Lynn Development Partnership is classified as a jointly controlled asset. The Partnership was formed in 2012/2013 with Norfolk County Council. The objective of this partnership is to enable and risk-manage a financially viable housing development in the Nar Ouse Regeneration Area.

King's Lynn and West Norfolk Council have contributed land valued at £1 million and Norfolk County Council paid £1 million to satisfy the initial cash flow requirements. Works commenced on site during late August 2013 and the first properties are planned to be completed in September 2014. The properties are being marketed through a local estate agent. This Council is the accountable body.

Norfolk Museums and Archaeology Service (NMAS) Joint Committee

Under the CIPFA Code, NMAS is classified as a jointly controlled operation.

The Council's museums are run by the Norfolk Museums and Archaeology Service "NMAS" through a Joint Committee. This Joint Committee was established in July 2006, under delegated powers by the County and District Councils in Norfolk. The Service runs museums throughout the County to preserve and interpret material evidence of the past with the aim "bringing history to life".

Norfolk County Council provides the secretary and treasurer to the Joint Committee, employs its staff, and owns a number of properties used by NMAS. They are the lead Authority and are responsible for producing the annual accounts. However, the majority of collections and related buildings in West Norfolk are owned by the Council. The museum collections are reported in the Balance Sheet at a value of £6,292,000 as at the 31 March 2014.

Norfolk Revenues Partnership

Under the CIPFA Code, Norfolk Revenues Partnership is classified as a jointly controlled operation.

A Joint Committee has been established with North Norfolk District Council for joint and equal delivery of a Revenue and Benefits Service. During 2012/2013, a revenues and benefits system was jointly procured and implemented. The technical issues involved during implementation has meant that the joint delivery of the service has not been undertaken during 2013-2014.

19 Members' Allowances

The Authority paid the following amounts to members of the Authority during the year.

	2012/2013	2013/2014
	£'000	£'000
Members Allowance	441	441

20 Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

	Chief Executive	Deputy Chief Executive/Executive Director Resources	Executive Director Commercial Services	Executive Director Environment & Planning	Executive Director Central & Community Services	Executive Director Environmental Health and Housing
2013/2014						
Salary, Fees and Allowance	124,881*	72,577	78,312	76,179	73,061	0
Taxable Expenses	3,758	6,012	4,866	4,418	5,431	0
Termination Benefits	0	0	0	0	0	0
Total	3,758	78,589	83,178	80,597	78,492	0
2012/2013						
Salary, Fees and Allowance	117,698 *	71,283	76,339	74,093	67,405	65,182
Taxable Expenses	3,728	6,266	4,417	4,834	5,374	3,817
Termination Benefits	0	0	0	0	0	93,560
Total	121,426	77,549	80,756	78,927	72,779	162,559

There were no bonus payments to report, apart from the £250 performance bonus paid to all eligible staff in 2013/2014.

* Includes remuneration from Election Duties.

The Authority's other employees (excluding the senior employees shown above) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration band	2012/2013	2013/2014
	Number of Employees	Number of Employees
£50,000-£54,999	10	9
£55,000-£59,999	3	3
£60,000-£64,999	0	2
£65,000-£69,999	0	1*
£70,000-£74,999	1*	0
£75,000-£79,999	0	0
£80,000-£84,999	0	1*
£85,000-£89,999	0	0
£90,000-£94,999	0	0
£95,000-£99,999	0	0
£100,000-£104,999	0	0
£105,000-£109,999	0	0
£110,000-£114,999	0	0
£115,000-£119,999	0	0

*In these pay bands, compensation for loss of office is included.

21 Termination Benefits

Exit package cost band (including special payments)	Number of Compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014
							£'000	£'000
Up to £20,000	0	0	2	3	2	3	21	32
£20,001-£40,000	0	0	0	2	0	2	0	69
£40,001-£60,000	0	0	1	0	1	0	49	0
£60,001-£80,000	0	0	0	0	0	0	0	0
£80,001-£100,000	0	0	1	0	1	0	94	0
£100,001-£150,000	0	0	0	0	0	0	0	0
Total	0	0	4	5	4	5	164	101

22 Defined Benefit Pension SchemesParticipation in Pensions Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments and this is required to be disclosed at the time that employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme, administered locally by Norfolk County Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Transactions relating to post-employment benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	Local Government Pension Scheme	
	2012/2013	2013/2014
Comprehensive Income and Expenditure Statement	£'000	£'000
Cost of Services:		
Current Service Cost	2,168	2,756
Losses on Curtailments	0	164
Financing and Investment Income and Expenditure:		
Interest Cost	5,791	6,271
Expected Return on Scheme Assets	(4,602)	(4,206)
Total Post- Employment Benefit Charged to the (Surplus)/Deficit on the Provision of Services	3,357	4,985
Other Post-Employment Benefit Charged to the CIES:		
Actuarial (Gains) and Losses	8,009	(3,612)
Total Post-Employment Benefit Charged/(Credited) to the CIES	11,366	1,373
Movement in Reserves Statement		
Reversal of Net Charges made to the Surplus/Deficit for the Provision of Services for Post-Employment Benefits in accordance with the Code.	(3,357)	(4,985)
Actual amount charged against the General Fund for Pensions in the year		
Employer's Contribution	2,440	2,597
Discretionary Benefits	266	258
Total amount charged against the General Fund for Pensions in the year	2,706	2,855

Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	Funded Liabilities: Local Government Pension Scheme	
	2012/2013	2013/2014
	£'000	£'000
Opening Balance as at 1 April	121,577	140,063
Current Service	2,168	2,756
Interest Cost	5,791	6,271
Contributions by Members	743	749
Losses on Curtailments	0	164
Actuarial (Gains)/Losses	14,573	1,097
Benefits Paid	(4,523)	(4,628)
Unfunded Benefits Paid	(266)	(258)
Closing Balance as at 31 March	140,063	146,214

Reconciliation of fair value of the scheme (plan) assets:

	Assets: Local Government Pension Scheme	
	2012/2013	2013/2014
	£'000	£'000
Opening Balance as at 1 April	84,334	94,160
Expected Rate of Return	4,602	4,206
Actuarial Losses	6,564	4,709
Employer Contributions	2,440	2,597
Contributions by Members	743	749
Benefits Paid	(4,523)	(4,628)
Unfunded Benefits Paid	(266)	(258)
Contribution in respect of Unfunded Benefits	266	258
Closing Balance as at 31 March	94,160	101,793

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect Long Term real rates of return experienced in the respective markets.

Scheme History

	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
	£'000	£'000	£'000	£'000	£'000
Obligations:					
Present value of Defined Benefit	(139,329)	(109,413)	(121,577)	(140,063)	(146,214)
Fair Value of Assets in the Local Government Pensions Scheme	82,829	84,175	84,334	94,160	101,793
Deficit in the Scheme	(56,500)	(25,238)	(37,243)	(45,903)	(44,421)

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £146,214,000 has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, which after abatement for the fair value of assets of £101,793,000, results in a negative overall balance of 44,421,000. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy. The deficit on the local government scheme will be made good by the Council paying increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

The total employer's contribution expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2014 is £2,670,000:

	£'000	%Pay
Projected current service cost	2,670	23.2%
Interest on obligation	6,251	54.2%
Expected Return on Plan Assets	(4,391)	(38.1)%
Total to be paid to Scheme 31 March 2014	4,530	39.3%

Defined Benefit Obligations

	31 March 2013	31 March 2014
	£'000	£'000
Fair Value of Employer Assets	94,160	101,793
Present value of Funded Obligations	(136,485)	(142,706)
Net Overfunding in Funded Plan	(42,325)	(40,913)
Present value of Unfunded Obligations	(3,578)	(3,508)
(Deficit)	(45,903)	(44,421)

Funding obligations cover employee members, deferred pensions and pensioners. For unfunded liabilities, it is assumed that all unfunded pensions are payable for the remainder of the member's life.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected until credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension Scheme liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2014.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2012/2013	2013/2014
Mortality Assumptions:		
Longevity at 65 for Current Pensioners:		
Men	21.2yrs	22.1 yrs
Women	23.4yrs	24.3yrs
Longevity at 65 for Future Pensioners:		
Men	23.6yrs	24.5yrs
Women	25.8yrs	26.9yrs
Rate of increase in Salaries	5.1%	3.6%
Rate of increase in Pensions	2.8%	2.8%
Rate for discounting Scheme liabilities	4.5%	4.3%

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to Her Majesty's Revenue and Customs (HMRC) limits for pre-April 2008 service and 75% of the maximum post-April 2008 service.

The Local Government Pensions Scheme's assets consist of the following categories, by proportion of the total assets held:

Asset Category	Period Ended 31 March 2013				Period Ended 31 March 2014			
	Quoted Prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets	Quoted Prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Equity Securities:								
Consumer	5,720	0	5,720	6%	6,184	0	6,184	6%
Manufacturing	4,520	0	4,520	5%	5,672	0	5,672	6%
Energy and Utilities	3,330	0	3,330	4%	3,164	0	3,164	3%
Financial Institutions	5,830	0	5,830	6%	6,340	0	6,340	6%
Health and Care	2,482	0	2,482	3%	2,893	0	2,893	3%
Information Technology	1,792	0	1,792	2%	1,821	0	1,821	2%
Other	4,558	0	4,558	5%	4,520	0	4,520	4%
Debt Securities:								
Corporate Bonds (investment grade)	4,153	0	4,153	4%	4,108	0	4,108	4%
Corporate Bonds (Non-investment grade)	77	0	77	0%	146	0	146	0%
UK Government	0	0	0	0%	0	0	0	0%
Other	285	0	285	0%	359	0	359	0%
Private Equity:								
All	0	6,886	6,886	7%	0	7,003	7,003	7%
Real Estate:								
UK Property	0	8,954	8,954	10%	0	10,144	10,144	10%
Overseas Property	0	1,534	1,534	2%	0	1,510	1,510	1%

Asset Category	Period Ended 31 March 2013				Period Ended 31 March 2014			
	Quoted Prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets	Quoted Prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Investment Funds and Unit Trusts:								
Equities	28,315	0	28,315	30%	29,441	0	29,441	29%
Bonds	13,755	0	13,755	14%	15,834	0	15,834	16%
Hedge Funds	0	0	0	0%	0	0	0	0%
Commodities	0	0	0	0%	0	0	0	0%
Infrastructure	0	0	0	0%	0	0	0	0%
Other	0	0	0	0%	0	0	0	0%
Derivatives:								
Inflation	0	0	0	0%	0	0	0	0%
Interest Rate	0	0	0	0%	0	0	0	0%
Foreign Exchange	0	0	0	0%	0	0	0	0%
Other	(62)	0	(62)	0%	44	0	44	0%
Cash and Cash Equivalents:								
All	0	2,033	2,033	2%	0	2,610	2,610	3%
Totals	74,752	19,408	94,160	100%	80,526	21,266	101,793	100%

History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2013/2014 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2014:

	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
	%	%	%	%	%
Difference between the expected and actual return on assets	19.00	(4.0)	(4.9)	6.90	4.6
Experience gains and losses on liabilities	0.10	(13.6)	2.30	0.05	0.75

23 External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors.

	2012/2013	2013/2014
	£'000	£'000
Fees payable with regard to External Audit Services carried out by the appointed auditor for the year.	90	83
Fees payable to the appointed auditor for the certification of grant claims and returns for the year	45	52
Other (including the Council's share of the Norfolk Pension Service Audit Cost for 2013/2014)	0	6
Total	135	141

24 Related Parties

The Authority is required to disclose material transactions with related parties. Related parties being bodies or individuals that have the potential to control or influence the Authority, or, to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Members/Head of Service

Members of the Authority have direct control over the Council's financial and operating policies. The total of Members' allowance paid in 2013/2014 is shown in note 19. During 2013/2014, works and services to the value of £31,574 (£2,967 in 2012/2013) were commissioned from companies in which 7 Members and 1 Head of Service (3 Members and 1 Head of Service in 2012/2013) had an interest. Contracts were entered into in full compliance with the Authority's standing orders. In addition grants totalling £480,701 (£1,434,238 in 2012/2013) were made to organisations in which, 9 Members and 1 Head of Service had an interest (1 Member and 1 Head of Service in 2012/2013). In all instances, the grants were made with proper consideration of declarations of interest. The relevant Members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members interests, which are published on the Authority's website.

Central Government

Central Government has effective control over the general operations of the Authority. It is responsible for providing the statutory framework, within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in the note xx, page xx, on amounts reported to decision makers.

Freebridge Community Housing Limited

In 2006 the Council transferred its housing stock to Freebridge Community Housing. As part of the agreement the Council has 2 members on the board of Freebridge Community Housing and owns 33% of the share in the organisation, value £1. During 2012/2013 the transactions between the Council and Freebridge Community Housing was a net receipt of £1,348,494 (£1,272,844 in 2012/2013).

25 LeasesAuthority as Lessee**Finance Leases**

The Authority has acquired a number of buildings under Finance Leases.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2013	31 March 2014
	£'000	£'000
Other Land and Buildings	2,176	2,021

The Authority is committed to making minimum payments under these leases comprising settlement of the Long Term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2013	31 March 2014
	£'000	£'000
Finance Lease Liabilities (Net present value of minimum lease payments):		
Current	1	1
Non- Current	163	162
Finance Costs payable in future years	277	270
Minimum Lease payments	441	433

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2013	31 March 2014	31 March 2013	31 March 2014
	£'000	£'000	£'000	£'000
Not later than one year	1	9	1	1
Later than one year and not later than five years	163	34	5	6
Later than five years	277	390	158	156
	441	433	164	163

The Authority has sub-let some of the accommodation held under these finance leases. At 31 March 2014 the minimum payments expected to be received under non-cancellable sub-leases was £380,891 (£319,013 at 31 March 2013).

The Authority has acquired printer equipment under Finance Leases.

The equipment acquired under these leases are included in Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2013	31 March 2014
	£'000	£'000
Equipment Gross Value	386	386
Depreciation	(85)	(97)
Net Value	301	289

	31 March 2013	31 March 2014
	£'000	£'000
Finance Lease Liabilities (Net present value of minimum lease payments):		
Current	122	122
Non-current	150	27
Finance Costs payable in future years	8	5
	280	154

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2013	31 March 2014	31 March 2013	31 March 2014
	£'000	£'000	£'000	£'000
Not later than one year	122	125	122	122
Later than one year and not later than five years	150	29	150	27
Later than five years	8	0	0	0
	280	154	272	149

Operating Leases

The Authority has operating lease agreements for the provision of land and buildings. The future minimum lease payments due under non-cancellable leases in future years are shown in the table below. There is a significant increase in rent payable in 2013/2014, following the renewal of the lease for the Cliff Top Car Park, Hunstanton.

	Operating Lease Payments	
	31 March 2013	31 March 2014
	£'000	£'000
Not later than one year	57	88
Later than one year and not later than five years	176	347
Later than five years	4,265	4,777
	4,498	5,212

The expenditure charged to the Corporate and Democratic Core, Cultural and Related Services, Highways and Transport Services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	Minimum Lease Payments	
	31 March 2013	31 March 2014
	£'000	£'000
Corporate and Democratic Services	1	1
Cultural and Related Services	17	10
Highways and Transport Services	39	58
	57	69

There is a significant increase in the minimum lease payments in 2013/2014 due to an increase in rent following the renewal of the lease for the Cliff Top Car Park, Hunstanton. This lease was incorrectly classified under Cultural and Related Services in 2012/2013, but is now reported in 2013/2014 under Highways and Transport Services.

Authority as Lessor**Finance Leases**

The Authority leases out vehicles and equipment under a finance lease for car parking operations.

The future minimum lease payments recoverable under non-cancellable leases in future years are:

	31 March 2013	31 March 2014
	£'000	£'000
Not later than one year	15	15
Later than one year and not later than five years	30	15
	45	30

Operating Leases

The Authority leases out property and equipment under leases for the following purposes:

- For economic development purposes to provide suitable affordable accommodation for local businesses including shops, industrial units, kiosks, caravan parks and offices;
- Beach huts for private use; and
- Buildings used as Community facilities and used by voluntary groups including community centres, museums and storage space.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31 March 2013	31 March 2014
	£'000	£'000
Not later than one year	1,563	1,856
Later than one year and not later than five years	4,023	4,951
Later than five years	36,409	32,463
	41,995	39,270

The minimum lease payments receivable include an element of rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

26 Investment Properties

The following items of income and expenditure have been accounted for in the Comprehensive Income and Expenditure Statement:

	2012/2013	2013/2014
	£'000	£'000
Rental Income from Investment Property	(1,784)	(1,817)
Direct Operating Expenses Arising from Investment Property	314	192
Direct cost of Investment Properties	(1,470)	(1,625)
Other Net Operating Costs	150	(40)
Net (Gain)	(1,320)	(1,665)

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds on disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	2012/2013	2013/2014
	£'000	£'000
Balance at Start of the Year	27,762	28,317
Net Gains / (Losses) on Revaluation	16	(329)
Write Out of Impairments on Revaluations	0	122
Net Gains / (Losses) from Movements in the Market Value of Investment Properties	16	(207)
Additions	208	116
Impairment	(122)	0
Disposals	(120)	(80)
Reclassifications	573	0
Balance at Year End	28,317	28,146

27 Intangible Assets

The Authority accounts for its purchased licences software as intangible assets, to the extent that the software is not an integral part of a particular Information Communications and Technology (ICT) system and accounted for as part of the hardware item or Property, Plant and Equipment. The Authority also includes Housing Nomination Rights, which has been assigned following capital investment in a number of affordable housing projects.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites and Housing Nomination Rights used by the Authority are:

Up to	Other Assets
7 years	Software Licences
40 years	Housing Nomination Rights

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £110,089 charged to revenue in 2013/2014 for software was charged to ICT Administration and then absorbed as an overhead across the entire service heading in Net Cost of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading. The amortisation of £6,387 charged to revenue for 2013/2014 for Housing Nomination Rights was charged to the Housing General fund in Net Cost of Services. The Authority holds intangible assets at historical costs. The movement on Intangible asset balances during the year is as follows:

	2012/2013			2013/2014		
	Software Licences £'000	Housing Nomination Rights £'000	Total £'000	Software Licences £'000	Housing Nomination Rights £'000	Total £'000
Balances at start of the year						
Gross Carrying Amount	668	303	971	859	303	1,162
Accumulated Impairment	(26)	0	(26)	(26)	0	(26)
Accumulated Amortisation	(296)	(156)	(452)	(400)	(163)	(563)
Net Carrying Amount at Start of Year	346	147	493	433	140	573
Additions:						
Purchases	191	0	191	157	0	157
Impairment Losses Recognised in the Surplus on the Provision of Services	0	0	0	(5)	0	(5)
Amortisation for the Period	(104)	(7)	(111)	(110)	(6)	(116)
Net Carrying Amount at End of Year	433	140	573	475	134	609
Comprising:						
Gross Carrying Amounts	859	303	1,162	1,016	303	1,319
Accumulated Impairment	(26)	0	(26)	(31)	0	(31)
Accumulated Amortisation	(400)	(163)	(563)	(510)	(169)	(679)
	433	140	573	475	134	609

28 Heritage Assets

Reconciliation of the carrying value of Heritage Assets held by the Authority:

Net Book Value	Public Art Collections	Civic Regalia	Museum Collections	Historic Buildings	Archives	Total
At 31 March 2014	237	6,580	6,292	0	4,845	17,954
At 31 March 2013	237	6,580	6,292	1,151	4,845	19,105
At 31 March 2012	237	6,580	6,292	1,151	5,946	20,206
At 31 March 2011	236	6,724	6,292	1,177	5,689	20,118

Further information on Heritage Assets can be found in the accounting policies on page 99.

	2013/2014					
	Public Art Collections	Civic Regalia	Museum Collections	Historic Buildings	Archives	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
Balance at start of year	237	6,580	6,292	1,297	4,845	19,251
Additions	0	0	0	0	0	0
Revaluation Increases / (Decreases) recognised in the Revaluation Reserve	0	0	0	(1,276)	0	(1,276)
Balance at end of year	237	6,580	6,292	21	4,845	17,975
Accumulated Depreciation and Impairment						
Balance at start of year	0	0	0	(146)	0	(146)
Depreciation	0	0	0	0	0	0
Depreciation written out on Revaluation	0	0	0	125	0	125
Balance at end of year	0	0	0	(21)	0	(21)

	2012/2013					
	Public Art Collections	Civic Regalia	Museum Collections	Historic Buildings	Archives	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
Balance at start of year	237	6,580	6,292	1,297	5,946	20,352
Additions	0	0	0	0	0	0
Revaluation Increases / (Decreases) recognised in the Revaluation Reserve	0	0	0	0	(1,101)	(1,101)
Balance at end of year	237	6,580	6,292	1,297	4,845	19,251
Accumulated Depreciation and Impairment						
Balance at start of year	0	0	0	(146)	0	(146)
Depreciation	0	0	0	0	0	0
Balance at end of year	0	0	0	(146)	0	(146)
	2011/2012					
	Public Art Collections	Civic Regalia	Museum Collections	Historic Buildings	Archives	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation						
Balance at start of year	236	6,724	6,292	1,297	5,689	20,238
Additions	1	0	0	0	0	1
Revaluation Increases / (Decreases) recognised in the Revaluation Reserve	0	(144)	0	0	257	113
Balance at end of year	237	6,580	6,292	1,297	5,946	20,352
Accumulated Depreciation and Impairment						
Balance at start of year	0	0	0	(94)	0	(94)
Depreciation	0	0	0	(26)	0	(26)
Balance at end of year	0	0	0	(120)	0	(120)

It is not practicable for the Authority to provide a Heritage Assets valuation from before 1 April 2010.

29 Property, Plant and EquipmentMovements on Balances

Movements in 2013/2014	Other Land and Buildings	Land Awaiting Development	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation:							
At 1 April 2013	79,030	35,740	15,107	1,376	5,307	0	136,560
Additions	1,781	156	2,320	91	304	3,176	7,828
Revaluation increases recognised in the Revaluation Reserve	682	(8)	0	0	(168)	0	506
Revaluation increases/(decreases) recognised in the surplus on the Provision of Services	(2,109)	105	0	0	(306)	0	(2,310)
Derecognition - disposals	0	(41)	(103)	0	0	0	(144)
Derecognition - other	(364)	(159)	0	0	0	(1,588)	(2,111)
Total Cost or Valuation at 31 March 2014	79,020	35,793	17,324	1,467	5,137	1,588	140,329

Movements in 2013/2014	Other Land and Buildings	Land Awaiting Development	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation and Impairment:							
At 1 April 2013	10,122	11,811	11,046	393	443	0	33,815
Depreciation charge	1,838	0	1,149	36	92	0	3,115
Depreciation written out to Revaluation Reserve	(1,990)	0	0	0	0	0	(1,990)
Depreciation written out to CIES	(12)	0	0	0	0	0	(12)
Impairment losses recognised in the Revaluation Reserve	(179)	21	0	0	0	0	(158)
Impairment losses recognised in the deficit on the Provision of Services	978	116	84	15	0	0	1,193
Derecognition - disposals	0	0	(103)	0	0	0	(103)
Derecognition - other	(68)	0	0	0	0	0	(68)
Total Accumulated Depreciation and Impairment at 31 March 2014	10,689	11,948	12,176	444	535	0	35,792
Net Book Value:							
At 31 March 2014	68,331	23,845	5,148	1,023	4,602	1,588	104,537
At 31 March 2013	68,908	23,929	4,061	983	4,864	0	102,745

Note: Property, Plant and Equipment additions relating to prior years were previously included within the cost of assets net of impairments. However, impairments should be included within accumulated depreciation and impairments. Therefore, an adjustment has been made to ensure the correct presentation, decreasing cost and accumulated impairments.

Movements in 2012/2013	Other Land and Buildings	Land Awaiting Development	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation:						
At 1 April 2012	79,066	34,214	13,563	1,352	5,355	133,550
Adjustments to Gross Book Value	(460)	12	22	0	0	(426)
Additions	812	375	945	24	2	2,158
Additions Finance Lease	0	0	386	0	0	386
Revaluation Increases Recognised in the Revaluation Reserve	485	1,783	0	0	79	2,347
Revaluation Increases / (Decreases) Recognised in the Surplus on the Provision of Services	(591)	0	0	0	0	(591)
Revaluation Reversal of Prior Year Loss	0	0	0	0	0	0
Derecognition - Disposals	0	(500)	(101)	0	0	(601)
Derecognition - Other	0	(64)	0	0	0	(64)
Assets Reclassified to Held for Sale	(20)	(400)	0	0	(129)	(549)
Assets Reclassified	(262)	320	292	0	0	350
At 31 March 2013	79,030	35,740	15,107	1,376	5,307	136,560
Accumulated Depreciation and Impairment						
At 1 April 2012	8,348	11,432	9,683	358	396	30,217
Adjustments to Accumulated Impairments	(460)	12	19	0	0	(429)
Depreciation Charge	1,845	0	1,262	35	95	3,237
Depreciation written out to Revaluation Reserve	(101)	0	0	0	0	(101)
Impairment Losses Recognised in the Revaluation Reserve	265	23	0	0	(50)	238
Impairment Losses Recognised in the Deficit on the Provision of Services	324	344	96	0	2	766
Derecognition - Disposals	0	0	(101)	0	0	(101)
Derecognition - Other	0	0	0	0	0	0
Eliminated on reclassification to Assets Held for Sale	(12)	0	0	0	0	(12)
Other Movements in Depreciation and Impairment	(87)	0	87	0	0	0
At 31 March 2013	10,122	11,811	11,046	393	443	33,815
Net Book Value:						
At 31 March 2013	68,908	23,929	4,061	983	4,864	102,745
At 31 March 2012	70,718	22,782	3,880	904	4,959	103,243

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant and equipment, including ICT equipment, are based on historic cost. Greater detail regarding dates and valuations is provided in the Statement of Accounting Policies on page 101.

For valuation purposes, property assets fall into one of the following groups:

- Property, plant and equipment which includes infrastructure, community assets and assets under construction;
- Lease and lease type arrangements;
- Investment Property – property that is used solely to earn rentals, or for capital appreciation, or both; and
- Assets held for sale.

	Other land and buildings	Land awaiting development	Vehicle, plant & equipment	Infrastructure assets	Community assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000		£'000
Carried at historical cost	0	0	17,324	0	0	0	17,324
Valued at fair value as at:							
31 March 2014	30,328	2,428	0	74	0	1,588	34,418
31 March 2013	1,168	2,779	0	29	44	0	4,020
31 March 2012	1,324	1,514	0	120	117	0	3,075
31 March 2011	41,555	23,504	0	1,244	4,917	0	71,220
31 March 2010	4,645	5,568	0	0	59	0	10,272
Gross Book Value	79,020	35,793	17,324	1,467	5,137	1,588	140,329

30 Capital: Expenditure, Financing and CommitmentsCapital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2012/2013	2013/2014
	£'000	£'000
Opening Capital Financing Requirement	14,039	13,555
Adjustment to opening balance for prior year revenue contributions for prudential borrowing schemes	(1,152)	0
Capital Investment:		
Property, plant and equipment	2,157	7,828
Investment Properties	208	116
Intangible assets	191	157
Heritage assets	0	0
Assets held for sale	0	0
Revenue expenditure funded from Capital under Statute (Net)	1,765	969
Sources of Finance:		
Capital Receipts	(1,326)	(2,850)
Government grants and other contributions	(723)	(2,083)
Sums set aside from revenue:		
- Direct revenue contributions	(812)	(2,090)
- Capital Grants Unapplied	0	(6)
- Revenue contributions for prudential borrowing schemes	(563)	(475)
- MRP	(229)	(338)
Closing Capital Financing Requirement	13,555	14,783
Explanation of movements in year:		
Increase in underlying need to borrowing (unsupported by Government Financial Assistance)	(484)	1,228
Increase/(Decrease) in Capital Financing Requirement	(484)	1,228

Capital Commitments

The Authority has an approved Capital Programme for the period 2014-2017 of £23,396,350. At the 31 March 2014 the Authority has entered into a number of contracts and the major commitments are:

	<u>COMMITMENT CONTRACTURAL</u>	<u>COMMITMENT NON- CONTRACTURAL</u>
	<u>31 March 2014</u>	<u>31 March 2014</u>
	<u>£'000</u>	<u>£'000</u>
Car Parks	18	671
Civic Buildings	17	614
Community Centres	650	600
Community Grants	0	180
Conservation	0	500
Crematoriums & Cemeteries	1,167	1,197
Disability Discrimination Act	1	39
Environmental Monitoring	0	43
Industrial Estates Refurbishment	41	335
Infrastructure	0	532
ICT Delevopment	16	528
Leisure & Arts	32	2,075
Offices	34	179
Parks & Open Spaces	0	93
Private Sector Housing/Energy Efficiency	322	4,208
Public Conveniences	0	41
Refuse & Recycling	0	192
Regeneration Schemes	3,351	4,199
Resort Services	5	129
Sewage Treatment Works/Bawsey Drain	24	290
Street Lighting	0	10
Vehicles & Equipment	135	929
TOTAL	5,813	17,584

31 Assets Held for Sale

	2012/2013	2013/2014
	£'000	£'000
Balance at Start of the Year	2,991	1,095
Assets newly classified as Held for Sale		
- Property, plant and equipment	549	0
Assets sold	(1,523)	(709)
Reclassification	(922)	0
Balance at Year End	1,095	386

32 Short Term Receivables

	31 March 2013	31 March 2014
	£'000	£'000
Central Government bodies	2,481	1,864
Local Authorities	1,321	2,774
European Funding	57	57
NHS Bodies	43	214
Public Corporations and Trading Funds	0	1
Other entities and individuals	2,588	2,849
Sub Total	6,490	7,759
Allowance for doubtful debt (other entities and individuals)	(696)	(4,016)
Total	5,794	3,743

33 Long Term Receivables

	31 March 2013	31 March 2014
	£'000	£'000
Local Authorities	0	0
Other entities and individuals	1,014	1,033
Finance Lease	45	30
Sub Total	1,059	1,063
Allowance for doubtful debt (other entities and individuals)	(26)	(26)
Total	1,033	1,037

34 Short Term Payables

	31 March 2013	31 March 2014
	£'000	£'000
Central Government bodies	(499)	(2,249)
Local Authorities	(2,207)	(2,496)
NHS Bodies	(12)	(50)
Public Corporations and Trading Funds	(24)	0
Other entities and individuals	(4,030)	(4,364)
Total	(6,772)	(9,159)

35 Contingent Liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed, only by the occurrence of one or more uncertain future events that are not wholly within the Council's control.

Municipal Mutual Insurance (MMI)

MMI is an insurance company established by a group of Local Authorities and incorporated in 1903. The Company suffered substantial losses between 1990 and 1992. These losses reduced MMI's net assets to a level below the minimum regulatory solvency requirement. In September 1992 MMI ceased to write new or to renew general insurance business and a contingent Scheme of Arrangement became effective in 1994.

The Council is a Scheme Creditor under the Scheme. Under the Scheme, MMI will continue to pay agreed claims arising from incidents that occurred prior to September 1992, as long as their funds remain sufficient to meet obligations. Should there be insufficient resources to fulfil the scheme's liabilities in full the Scheme Creditors will be required to honour this liability.

As at 31 March 2014, the estimated possible liability for the Council under the Scheme is £244,895 (£279,287.87 as at 31 March 2013). On the 15 January 2014 the Council paid a levy of £34,393. This levy was recorded within the Councils 2012/2013 Accounts. Since the levy is not a final settlement there is a possibility that further levies may be made against the Council.

Details of the Scheme are viewable on the MMI website: www.mminsurace.co.uk.

36 Contingent Assets

A Contingent Asset is a possible event that may arise as a consequence of a past event but where the existence of the asset (to the Council) will only be confirmed by the occurrence of future events that are not wholly within the Council's control.

In the Financial year 2013/14 the Council had no Contingent Assets at the balance sheet date.

37 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2013/2014:

2012/2013		2013/2014	2013/2014
Grant Applied		Grant Received	Grant Applied
£'000		£'000	£'000
	Credited to taxation and non-specific Grant income:		
211	Rate support grant	(7,041)	7,041
158	Council Tax freeze	(158)	158
1,052	New Homes Bonus	(1,636)	1,636
127	Homelessness Grant	(76)	76
0	Council Tax Support Grant	(28)	28
0	Spare Areas Grant	(49)	49
0	Section 31 Small Business Relief Grant	(428)	105
1,548	Total	(9,416)	9,093
	Credited to Services (Revenue):		
32	Amiens European Union Grant	(149)	206
216	Business Rates cost of collection	(217)	217
52,533	Department for Works and Pensions - Housing Benefit Unit	(43,556)	43,127
1,036	Developer Contributions	0	88
754	Disabled Facilities	(582)	582
31	Local Public Service Agreement - NCC	(222)	0
599	Policy and Partnerships - NCC	(600)	600
45	Youth Advisory Board - NCC	(131)	127
791	Other	(577)	459
57,585	Total	(55,450)	54,499

Grant Income Table continued (Capital):

2012/2013		2013/2014	2013/2014
Grant Applied		Grant Received	Grant Applied
£'000		£'000	£'000
	Credited to Services (Capital):		
	Grants:		
186	Department for Energy and Climate Control	0	0
0	Heritage Lottery Fund	(94)	154
436	Norfolk County Council	(356)	1,846
	Contributions		
5	Freebridge Community Housing	(78)	78
0	Hunstanton Round Table	(2)	2
266	MIBAR Properties	0	0
272	Morston Assets Ltd	0	0
1	Other Contributions	0	0
0	Presso	0	3
5	Veolia	0	0
44	Wren	0	0
1,215	Total	(530)	2,083

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver until those conditions will be met. The balances at the year end are as follows:

	31 March 2013	31 March 2014
	£'000	£'000
Grants Receipts in Advance:		
Revenue Grants / Contributions		
DCLG	0	30
Bespak - GEAR	0	5
Capital Grants / Contributions		
NORA, Hardings Pits	10	11
Section 106 Agreements	961	1,820
Total Unapplied Grants with conditions	971	1,866

38 Financial InstrumentsCategories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet.

	Long Term		Short Term	
	31 March 2013	31 March 2014	31 March 2013	31 March 2014
	£'000	£'000	£'000	£'000
Investments				
Loans and receivables	2,048	5,047	19,923	15,826
Cash and Cash Equivalents				
Loans and receivables	0	0	6,067	11,349
Receivables				
Loans and receivables	1,033	1,037	2,630	5,436
Total Assets	3,081	6,084	28,620	32,611
Borrowings				
Financial Liabilities at Amortised cost	11,300	13,600	6,514	3,098
Payables				
Financial Liabilities at Amortised cost	971	1,866	4,281	6,845
Total Liabilities	12,271	15,466	10,795	9,943

Total 'Receivables' and 'Payables' included within the Financial Instruments note is different to the figure shown in the balance sheet as, under the Code, amounts relating to such things as statutory debts and deferred or advanced income are outside the scope of the accounting provisions. These figures also exclude financial lease (long term) liabilities as these figures are included within the notes relating to leases.

Income, Expense, Gains and Losses

	2012/2013			2013/2014		
	Financial Liabilities	Financial Assets		Financial Liabilities	Financial Assets	
	Liabilities Measured at Amortised Cost	Loans and Receivables	Total	Liabilities Measured at Amortised Cost	Loans and Receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest Expense	472	0	472	471	0	471
Fee Expense	10	0	10	11	0	11
Total Expense in (surplus)/deficit on the provision of services	482	0	482	482	0	482
Interest Income	0	(446)	(446)	0	(307)	(307)
Total Income in (surplus)/deficit on the provision of services	0	(446)	(446)	0	(307)	(307)
Net/(Gain)/Loss for the year	482	(446)	36	482	(307)	175

Fair Values of Assets and Liabilities

Financial Liabilities, Financial Assets (represented by loans and receivables) and Long Term Receivables and Payables 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 instruments, using the following assumptions:

- Estimated ranges of interest rates at 31 March 2014 of 2.92% for loans from the PWLB and 0% to 3.81% for other loans receivable and payable based on new lending rates for equivalent loans at that date;
- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value; and
- The fair value of trade and other receivables is taken to be the invoices or billed amount.

The fair values calculated are as follows:

	31 March 2013		31 March 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Financial liabilities at amortised cost - current	11,316	11,316	9,943	9,943
Long Term Borrowing	11,300	10,474	13,600	12,088
Unapplied grants	971	971	1,866	1,866
Total	23,587	22,761	25,409	23,897

	31 March 2013		31 March 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Loans and Receivables - current	28,702	28,702	32,611	32,611
Long Term investments	2,048	2,046	5,047	5,035
Long Term receivables	1,033	1,033	1,037	1,037
Total	31,783	31,781	38,695	38,683

Short term Receivables and Payables are carried at cost as this is a fair approximation of their value.

39 Nature and Extent of Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts to the Authority.
- Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments; and
- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Authority in the Annual Treasury Management Strategy. The Authority provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as laid down by Fitch and Moody's Ratings Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category.

Deposits are not made with banks and financial institutions, other than building societies and local government institutions, unless they are rated independently with the following ratings. The Authority has a policy of not lending more than £7m of its surplus balances to one institution at any one time.

The Authority's minimum ratings for banks are:

	Short Term Rating		Viability Rating		Support Rating		Long Term Rating
	F1		BB+		3		A

Short Term Rating

F1 = Highest credit quality. Indicates, the strongest capacity for timely payment of financial commitments. Have an added "+" to denote any exceptionally strong credit feature.

Viability Rating

B = A strong bank. There are no major concerns regarding the bank. Characteristics may include strong profitability and balance sheet integrity, franchise, management, operating environment or prospects.

BB = Speculative fundamental credit quality – 'BB' ratings denote moderate prospects for ongoing viability. A moderate degree of fundamental strength exists, which would have to be eroded before the bank would have to rely on extraordinary support to avoid default. However, an elevated vulnerability exists to adverse changes in business or economic conditions over time.

C = An adequate bank which, however, possesses one or more troublesome aspects. There may be some concerns regarding its profitability and balance sheet integrity, franchise, management, operating environment and prospects.

Support Rating

3 = A bank, for which support from a state or from an institutional owner is likely but not certain.

Long Term Rating

A = A low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. There may be some vulnerability to changes in circumstances or in economic conditions than is the case for higher ratings.

In addition to the above the following institutions are also allowed:

Top UK Building Societies, whose assets exceed £2,000,000,000

Government departments

Non-privatised National Industries

Counter parties are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Authority and shown above.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies of £7,000,000 cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2014, that this was likely to crystallise.

Other Financial Instruments**Trade Receivables**

Customers are assessed, taking into account their financial position, past experience and other factors, with credit limits being set in accordance with internal ratings within parameters set by the Council.

Tenants

The Authority has a policy in place to try and reduce credit risk on tenants. This involves obtaining a bank reference and two trade references for new leases, in addition to accounts and credit checks. If the Authority is aware of a new tenant leasing other commercial property, a reference is also obtained from their landlord. In some circumstances a surety may also be request. In all cases a three month deposit is required.

Income Recovery

To reduce credit risk, there is a policy in place to ensure timely collection of outstanding amounts.

Payment terms are set up on accounts when they are opened. Computer generated reminders are issued a week after the term expires and a second reminder is sent after a further 14 days. Following on from this if the debt remains unpaid it is passed for further recovery action.

The following table analyses overdue Receivables excluding (both short and long term) and shows what allowance, if any, has been made for these debts as laid out within the Accounting policies, shown later in this booklet.

	2012/2013			2013/2014		
	Debt Outstanding	Allowance in Accounts*	Net Liability	Debt Outstanding	Allowance in Accounts*	Net Liability
	£'000	£'000	£'000	£'000	£'000	£'000
0 to 3 months	1,061	34	1,027	878	10	868
4 to 6 months	45	7	38	132	20	112
7 to 12 months	62	12	50	236	97	189
Over one year	569	285	284	450	225	225
Total	1,737	338	1,399	1,696	352	1,394

* The 'Allowance in Accounts' column excludes the allowance for Council Tax and NNDR.

Treasury Management – Limits

No credit limits were exceeded during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds. The Authority does not allow credit for counterparties.

Liquidity Risk

As the Authority has ready access to borrowings from Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The strategy is to ensure that not more than £5m of Long Term loans are due to mature within any financial year through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments. All loans in the less than one year category relate to short term loans. The table below also includes commitments for unapplied grants.

The maturity analysis of financial liabilities is as follows:

	31 March 2013	31 March 2014
	£'000	£'000
Less than one year	6,584	3,172
Between one and two years	141	136
Between two and five years	221	224
More than five years	11,976	14,191
Total	18,922	17,723

All current Payables are due to be paid in less than one year.

Market RiskInterest Rate Risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowing and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the surplus or deficit on the Provision of Services will rise.
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- Investments at variable rates – the interest income credited to the surplus or deficit on the Provision of Services will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried out at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Authority has a number of strategies for managing interest rate risk. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2014, if interest rates had been 1% higher will all other variables held constant, the financial effect would be:

	Estimation of 1% increase in interest rates as at 31 March 2014 £'000
Increase in interest payable on Variable Rate borrowings	34
Increase in interest receivable on Variable Rate investments	(276)
Impact on surplus on the Provision of Services	(242)
Decrease in fair value of Fixed Rate Investment Assets	82
Decrease in fair value of Fixed Rate borrowings liabilities (No impact on the surplus on the Provision of Services or Other Comprehensive Income and Expenditure)	1,670

The impact of a 1% fall in interest rates would be as above but with movements being reversed.

Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus have no exposure to loss arising from movements in exchange rates.

Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to local government bodies and the Government. The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund.

The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and National Non-Domestic Business Rates. The administrative costs associated with the collection process are charged to the General Fund.

Collection Fund surpluses declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year. For the Borough Council of King's Lynn and West Norfolk, the Council Tax precepting bodies are the Norfolk Police Authority and the Norfolk County Council.

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the Borough. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR tax base.

The scheme allows the Council to retain a proportion of the total NNDR received. The Borough Council of King's Lynn and West Norfolk share is 40% with the remainder paid to precepting bodies. For Borough Council of King's Lynn and West Norfolk the NNDR precepting bodies are Central Government (50% share) and Norfolk County Council (10% share).

NNDR surpluses declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund balance sheet meanwhile is incorporated into the Council's consolidated balance sheet.

DRAFT STATEMENT OF ACCOUNTS BOROUGH COUNCIL OF KING'S LYNN AND WEST NORFOLK

NDR	COUNCIL TAX	TOTAL		NDR	COUNCIL TAX	TOTAL
2012/2013	2012/2013	2012/2013		2013/2014	2013/2014	2013/2014
£'000	£'000	£'000		£'000	£'000	£'000
			Income			
39,600	0	39,600	Non-domestic ratepayers	43,591	0	43,591
0	68,396	68,396	Council Tax	0	70,299	70,299
0	11,130	11,130	Benefits	0	0	0
39,600	79,526	119,126	Total Income	43,591	70,299	113,890
			Expenditure			
			<u>Appointment of Previous Year Surplus</u>			
0	239	239	Borough Council of King's Lynn & West Norfolk	0	186	186
0	1,766	1,766	Norfolk County Council	0	1,377	1,377
0	295	295	Norfolk Police Authority	0	237	237
			<u>Precepts, Demands and Shares</u>			
38,944	0	38,944	Central Government	19,871	0	19,871
0	5,740	5,740	Borough Council King's Lynn & West Norfolk	3,974	5,115	9,089
0	58,703	58,703	Norfolk County Council	0	52,314	52,314
0	10,095	10,095	Norfolk Police Authority	15,897	9,173	25,070
0	2,205	2,205	Parish/Special Expenses	0	2,083	2,083
			<u>Charges to Collection Fund</u>			
216	0	216	Cost of Collection Allowance	217	0	217
0	0	0	Non-Domestic Rates Provision for Appeals	7,356	0	7,356
263	331	594	Bad Debt Provisions	(133)	104	(29)
177	147	324	Write-offs of uncollectable amounts	422	280	702
39,600	79,521	119,121	Total Expenditure	47,604	70,869	118,473
0	5	5	Surplus/(Deficit) arising during the year	(4,013)	(570)	(4,583)
0	2,681	2,681	Surplus/(Deficit) b/f 1st April	0	2,686	2,686
0	2,686	2,686	Surplus c/f 31 March	(4,013)	2,116	(1,897)

General

These accounts represent the transactions of the Collection Fund, which is statutory fund separate from the main accounts of the Authority. The Collection Fund has been prepared on an accruals basis.

Income from Business Ratepayers

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. In previous financial years the total amount due, less certain allowances, was paid to a central pool (the NNDR pool) administered by Central Government, which, in turn, paid to Local Authorities their share of the pool, such shares being based on a standard amount per head of the local adult population.

In 2013/14, the administration of NNDR changed following the introduction of a business rates retention scheme which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectable rates due. In the case of the Borough Council of King's Lynn and West Norfolk the local share is 40%. The remainder is distributed to preceptors and in the case of the Borough Council of King's Lynn and West Norfolk these are Central Government 50% and 10% to the Norfolk County Council.

The business rates shares payable for 2013/14 were estimated before the start of the financial year as £19.871m to Central Government, £3.974m to Norfolk County Council and £15.897m to the Borough Council of King's Lynn and West Norfolk. These sums have been paid in 2013/14 and charged to the collection fund in year.

When the scheme was introduced Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect the Borough Council of King's Lynn and West Norfolk has paid an tariff to Central Government in 2013/14 to the value of £11.283m.

In addition to the top up, a 'safety net' figure is calculated at 92.5% of baseline amount which ensures that authorities are protected to this level of Business Rates income. For the Borough Council of King's Lynn and West Norfolk the value of safety net claimed is £0.812m. The comparison of business rate income to the safety net uses the total income collected from business rate payers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and the revision to Small Business Rate Relief (announced in the Autumn Statement 2012) not allowed for when the safety net was set.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates outstanding as at 31 March 2014. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The total provision charged to the collection fund for 2013/14 has been calculated at £7.356m.

For 2013/14, the total non-domestic rateable value at the year-end is £158.3m (£156.0m in 2012/13). The national multipliers for 2013/14 were 46.2p for qualifying Small Businesses, and the standard multiplier being 47.1p for all other businesses (45.0p and 45.8p respectively in 2012/13).

	2012/2013	2013/2014
	£'000	£'000
Gross non-domestic rates payable	46,701	51,011
Less Allowances and other adjustments	(7,757)	(7,492)
Net Contribution to NNDR pool	38,944	43,519

Irrecoverable Debt

		2012/2013	2013/2014
		£'000	£'000
Council Tax			
	Balance 1 April	199	682
	Adjustment in Year	483	104
	Balance 31 March	682	786
NNDR			
	Balance 1 April	324	587
	Adjustment in Year	263	(133)
	Balance 31 March	587	454
Net National Non-domestic Rateable		1,269	1,240

The methodology used for the calculation of the Irrecoverable Debt Provisions can be found on page 89 as part of the Accounting Policies.

Non-Domestic Rates Appeals Provision

	2012/2013	2013/2014*
	£'000	£'000
In Year Appeals		
Balance at 1 April	n/a	0
Adjustment in year	n/a	2,094
Balance at 31 March	n/a	2,094
Back Dated Appeals		
Balance at 1 April	n/a	0
Adjustment in year	n/a	5,262
Balance at 31 March	n/a	5,262
NNDR Appeals Provision	n/a	7,356

*Note Due to the new arrangements for NNDR, 2013/2014 is the first year where the Council has been required to calculate a provision for NNDR appeals.

The methodology used for the calculation of the Irrecoverable Debt Provisions can be found on page 90 to 91 as part of the Accounting Policies.

Council Tax

Each Authority calculates the amount of its Authority Tax by dividing its requirements for the year by its tax base.

The tax base is the number of dwellings in the area belonging to each valuation band, modified to take account of the multipliers applying to dwellings in each band and the discounts, reductions and proportion of the Council Tax which the Authority expects to be able to collect.

Valuation Band	Range of values at 1 April 1991	Number of Chargeable Dwellings	Ratio to Band D	Band D Equivalent
A*	*	64	5/9	35
A	Up to £40,000	20,062	6/9	13,375
B	£40,001-£52,000	15,103	7/9	11,747
C	£52,001-£68,000	11,858	8/9	10,540
D	£68,001-£88,000	8,211	9/9	8,211
E	£88,001-£120,000	4,194	11/9	5,126
F	£120,001-£160,000	2,138	13/9	3,089
G	£160,001-£320,000	916	15/9	1,526
H	More than £320,000	88	18/9	176
Band D Equivalents				53,824
Band D Equivalents for Council Tax Support				7,437
Band D Equivalents after Council Tax Support				46,387
Council Tax Base at 97.5% Collection Rate				45,228
MOD Contributions in lieu				458
Total Council Tax Base at 97.5% Collection Rate				45,686

*Entitled to a disabled relief reduction

The Authority set a precept of £5,115,460 representing Band D Council Tax of £111.97 for its services. In addition special expenses under section 34(1) of the Local Government Finance Act 1992, totalling £478,660 and parish precepts totalling £1,642,900 were levied, averaging £46.44 for a Band D property. Norfolk County Council set a precept of £52,313,668 representing a Band D charge of £1,145.07 and Norfolk Police Authority set a precept of £9,173,292 representing a Band D charge of £200.79. Reductions are made, in accordance with Government regulations, for persons on lower incomes (Council Tax Benefit). The reduction is reimbursed by Central Government.

Share of Balance

The balance of the Collection Fund at 31 March 2014 stands at £1.896m (2012/2013 £2.686m). This amount is shared as follows:

2012/2013				2013/2014		
£'000	£'000	£'000		£'000	£'000	£'000
Council Tax	NNDR	Total		Council Tax	NNDR	Total
278	0	278	Borough Council	219	(1,605)	(1,386)
2,055	0	2,055	Norfolk County Council	1,619	(401)	1,218
353	0	353	Norfolk Police Authority	278	0	278
0	0	0	Central Government	0	(2,006)	(2,006)
2,686	0	2,686		2,116	(4,012)	(1,896)

Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2013/2014 financial year and its position at the year end of 31 March 2014. The Authority is required to prepare an annual Statement of Accounts under the Accounts and Audit (England) Regulations 2011, preparing them in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2012/2013 and the Service Reporting Code of Practice 2012/2013 supported by International Financial Reporting Standards (IFRS). The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of Non-current assets and financial instruments.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those rendered by the Authority's officers) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than necessarily the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a Receivable or Payable for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of Receivables is written down and a charge made to the revenue for the income that might not be collected.

Where the Authority is acting as an agent for another party (e.g. in the collection of NNDR and Council Tax), income and expenditure are recognised only to the extent that the commission is receivable by the Authority for the agency services rendered or the Authority incurs expenses directly on its own behalf in rendering the services.

Area Based Grant

The Authority receives an area based grant from the Government. The main elements of the grant include cohesion and climate change activities. The grant is charged to services through the Comprehensive Income and Expenditure statement.

Bad Debt AllowanceGeneral Fund

The following percentages determine the level of Bad Debt Allowance:

	%
Up to 30 days	0
31-60 days	5
61-90 days	10
3-6 months	15
6-12 months	20
In excess of 12 Months	50

	%
Up to 30 days	0
31-60 days	5
61-90 days	10
3-6 months	15
6-12 months	20
In excess of 12 Months	50

The level of allowance specifically for housing benefits bad debts was reviewed in 2010/2011, so that for bad debts in excess of 12 months there is now 100% cover.

Collection Fund

The respective Bad Debt Allowances are determined using the following percentages:

Council Tax

Prior Years	(2008/2009)	100.0%
	(2009/2010)	70.0%
	(2010/2011)	50.0%
	(2011/2012)	10.0%
Previous Year	(2012/2013)	1.5%

Council Tax – Costs Outstanding

Prior Years	(2009/2010)	90.0%
	(2010/2011)	75.0%
	(2011/2012)	50.0%
Previous Year	(2012/2013)	20.0%

NNDR

Prior Years	(2010/2011)	100.0%
	(2011/2012)	50.0%
Previous Year	(2012/2013)	33.0%

NNDR Appeals

The Authority uses the method listed below to calculate the NNDR In Year Appeals:

In Year NNDR Appeals Provision Policy

Rateable value of all outstanding appeals at 31 March

Multiplied by – Historic success rate of appeals against the Council

Multiplied by – Historic reduction in rateable value from successful appeals

Multiplied by – Current year NNDR multiplier

Equals – Value of reduction in rateable value of potentially successful appeals

Plus – An allowance for new appeals which may be received after 31 March but impact before 31 March

Estimated rateable value of appeals received in any one year

Multiplied by – Historic success rate of appeals received in any one year

Multiplied by – Historic reduction in rateable value from successful appeals

Multiplied by – Current year NNDR multiplier

Equals – Value of reduction in rateable value of potentially successful appeals which may be received in the next year

Plus – Adjustment for Local Knowledge

Total in Year Appeals Provision

The Authority uses the method listed below to calculate the NNDR Backdated Appeals Provision:

Backdated NNDR Appeals Provision Policy

Rateable value of outstanding appeals at 1 April

Multiplied by – Historic success rate of appeals against the Council

Multiplied by – Historic reduction in rateable value from successful appeals

Multiplied by – Preceding year NNDR multiplier

Equals – Value of reduction in rateable value of potentially successful appeals dated before 1 April

Plus – An allowance for new appeals which may be received after 31 March but impact before 1 April

Estimated rateable value of appeals received in any one year

Multiplied by - Percentage of appeals backdated to preceding year

Multiplied by – Historic success rate of appeals against the Council

Multiplied by – Historic reduction in rateable value from successful appeals

Multiplied by – Preceding NNDR multiplier

Equals – Value of reduction in rateable value of potentially successful appeals after 31 March but impact before 1 April

Plus – Adjustment for Local Knowledge

Total Backdated Appeals Provision

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. The Authority includes deposits with financial institutions classified as call accounts and notice accounts where the notice period is less than 3 months.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

Prior Period Adjustments, Changes in Accounting Policies and Estimate and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Charges to Revenue for Non-current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding Non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible Non-current Assets attributable to the service.

The Authority is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. The Council's method of calculating Minimum Revenue Provision is included within the Treasury Management Strategy Statement 2013/2014. (The remaining portion of the MRP relates to the more historical debt liability that is charged at the rate of 4 %.) Certain expenditure reflected within the debt liability is charged over a period which is reasonably commensurate with the estimated useful life applicable to the nature of the expenditure, using equal annual instalments. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Employee Benefits

Benefits Payable During Employment

Short Term employee benefits (those that fall due wholly within 12 months of the year end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Authority. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post- Employment Benefits

Employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme which is a funded defined benefits scheme administered by Norfolk County Council. The pension costs that are charged to the Authority's accounts in respect of these employees are equal to the contributions paid to the pension scheme for employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

The pension costs included in the accounts in respect of these schemes have been determined in accordance with relevant Government regulations.

The Authority complies fully with the requirements of IAS 19.

The policy is to recognise the full liability that the Authority has for meeting for the future cost of retirement benefits that will arise from years of service earned by employees up to the balance sheet date, net of the contributions paid into the Fund and the investment income they have generated.

Charges to service revenue accounts are based on a share of current service cost (the increase in future benefits arising from service earned in the current year) rather than employer's contributions. In addition, the policy for accounting for discretionary benefits awarded on early retirement is by charging (as past service costs) the projected cost of discretionary awards to Non Distributed Costs in the year that the award decision is made.

The change in the net pension liability is analysed into seven components:

- Current Service Cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- Past Service Cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed costs.
- Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Expected Return on Assets – the annual investment return on the fund assets attributable to the Council, based on the average of the expected long term return – credited to Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Gains/Losses on Settlements and Curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve and recognised as Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.
- Contributions paid to the Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

The IAS19 figures are reversed out to the Pensions Reserve in the Movement in Reserves Statement. There are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits made to the surplus/deficit on the provision of services.

Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts are authorised for issue. Two types of event can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statements of Accounts are adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period - the Statements of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statements of Accounts. There have been no such events prior to the authorisation for issue date.

Financial Instruments

Recognition

Financial instruments are recognised when the Authority becomes a party to the contractual provisions of the instrument. For example, the recognition of a financial asset (e.g. investment) is when the Authority becomes committed to a date to buy or sell the asset. Receivables and payables are recognised once the related goods or services have been delivered or rendered.

In accordance with the Code, some financial instruments are not disclosed within the note to the accounts on financial instruments because they are covered by disclosures made elsewhere within the accounts. These are:

- Rights and obligations under leases;
- Amounts relating to such things as Council Tax, non-domestic rates, general rates, etc. (which are outside the scope of the accounting provisions as they are statutory debts and do not arise from contracts);
- The Council's rights and obligations under pension schemes.

The Authority discloses all financial instruments that are considered material to the Authority's financial position and performance in the year.

De-recognition

All financial assets are de-recognised when the rights to receive cash flows from the assets have expired or the Authority has transferred substantially all of the risks and rewards of ownership. Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Impairments

Where investments/assets are identified as impaired because of a likelihood arising from a past event that payments due under a contract will not be made, the investment/asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the original investment's/asset's effective interest rate.

Measurement

Financial Instruments are initially measured at fair value less the transaction costs that are directly attributed to the acquisition or issue of the financial asset or financial liability. Subsequent measurement depends on the classification of the instrument as detailed by IAS 39 and the Code.

Classification	Description	Measurement Base
Financial Assets		
Held to Maturity Investments	Non-derivative financial assets with fixed or determinable payments that an entity intends and is able to hold to maturity, that do not meet the definition of loans and receivables are not designated on initial recognition as assets at fair value through profit and loss or as available for sale.	Amortised Cost
Loans and Receivables	Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than for trading or designated on initial recognition as assets at fair value through profit and loss or as available for sale.	Amortised Cost
Financial Liabilities		
Commitment to Provide Soft Loans	A Commitment to provide a loan at a below market interest rate	Fair Value
Financial Liabilities	All liabilities not held for trading or are derivatives, e.g. operational Payables and borrowings	Amortised Cost

Basis for Charging Revenue

The impact on the income and expenditure account depends upon the type of financial instruments:

Classification	Measurement	Impact on Income and Expenditure
Financial Assets		
Held to Maturity Investments	Amortised Cost	The interest receivable using the effective interest rate is charged
Loans and Receivables	Amortised Cost	The interest receivable using the effective interest rate is charged
Gilts and Certificates of Deposit	Fair Value	Gains and Losses on the fair value of the liability are charged as they arise.
Financial Liabilities		
Commitment to Provide Soft Loans	Fair Value	Gains and Losses on the fair value of the liability are charged as they arise
Financial Liabilities	Amortised Cost	The interest payable using the effective interest rate is charged.

Soft Loans

As part of its Private Sector Housing Policy the Authority makes loans to private individuals at nil interest. These loans are secured by a charge on the individual's property. This means that market rates of interest have not been charged and these loans are classified as soft loans. When soft loans are made, a loss is recorded in the Income and Expenditure Account for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. The Authority calculates the loss based on the interest rate charged for borrowing with the Public Works Loan Board as at 1 April of the financial year for a new loan up to 20 years, with a 1% risk premium to cover the possible credit risk arising from non-repayment. Interest is credited at the real effective rate of interest with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net credit required against the General Fund Balance is managed by a transfer to/from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset received in the form of grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Payables. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non-specific grant income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied account. Where it has been applied, it is posted to the Capital Adjustment account. Amounts in the Capital Grants Unapplied account are transferred to the Capital Adjustment account once they have been applied.

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences and housing nomination rights) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Authority's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life (of up to 40 years) to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Heritage Assets

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the Council in pursuit of its overall objectives in relation to the maintenance of heritage. The Council's heritage assets include historical buildings, civic regalia, museum collections, works of art and the Borough archives.

- Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The assets are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.
- Acquisitions are made by purchase or donation. Purchases are initially recognised at cost and donation are recognised at valuation with valuations provided by the external valuers and with reference to appropriate commercial markets using the most relevant and recent information from sales at auctions.

The Council's collections of heritage assets are accounted for as follows:

Civic Regalia and Art Collection

- The Council's Regalia and Art Collection is reported on the Balance Sheet at market value. The revaluation of these assets is undertaken every 10 years and the latest detailed valuation was carried out during 2011/2012. The valuation is undertaken by an external valuer. The valuers opinion is sought on an annual basis, as to whether it is considered that there has been any material change in the value of these assets.
- The Civic Regalia are on display in the Regalia Rooms at the Tales of the Old Gaol House, which is open to the public on specific days during the year. Full details of opening times are available on the Council website. The Art Collection is housed within King's Lynn Town Hall. There is not open public access to the Town Hall although conducted tours can be arranged for groups on request and the Town Hall is open during the annual National Heritage Day in September.
- The Council's Heritage Civic Regalia and Art Collection assets was undertaken by Bonhams 1793 Limited on the basis of Insurance.

Historical Buildings

- Historic buildings owned by the Council include Greyfriars Tower, Red Mount Chapel and Southgates. These assets were previously held in the Balance Sheet as Community Assets.
- Heritage Buildings are revalued by internal valuers every five years on a fair valued basis as recommended by CIPFA and in accordance with the Royal Institute of Chartered Surveyors Standards Valuation Manual (6th Edition), and an interim review is conducted annually, to ensure that their carrying amount is not materially different from their fair value at the year-end. Greyfriars Towers has been revalued in 2013/2014 and Red Mount Chapel and Southgates in 2015/2016
- Red Mount Chapel and Southgates are open to the public on specific days between April and September and during the annual National Heritage Day in September. Full details of opening times are available on the Council Website.

Museum Collections

- The museums are run by the Norfolk Museums and Archaeology Service "NMAS" which is regarded as one of the leaders in the museum sector. Through a Joint Committee established under delegated powers by the County and District Councils In Norfolk, the Service runs museums throughout the County to preserve and interpret material evidence of the past with the aim of "bringing history to life".
- The Norfolk County Council provides the secretary and treasurer to the joint committee, employs it's staff, and owns a number of properties used by NMAS. However, the majority of collections and related buildings are owned by the relevant District Councils.
- The museum collections are reported in the Balance Sheet on the basis of in-house valuations by the curators and have been undertaken for curatorial and insurance valuation purposes. The museum collection comprises over 43,000 individual items and the vast majority of these items are of relatively low value. Museums with large collections generally cannot afford to buy valuations from auction houses so valuations are made by curators using current information from auction sale catalogues, internet sites, etc. The valuation of the Council's museum collections included in the

- Balance Sheet largely dates back to 1996 or acquisition cost. It is not considered practicable to obtain a more recent valuation as the cost is not considered to be commensurate with the benefits to users of the financial statements.
- Material items within the collections are stored in secure and controlled conditions and are therefore deemed to have indeterminate lives and a high residual value and the Authority does not consider it appropriate to charge depreciation.
- The Lynn Museum is open to the public on specific days during the year.

Borough Archive

- The Borough Archive includes documents, plans, books, maps and manuscripts and is reported on the Balance Sheet at market value.
- The revaluation of these assets is undertaken every 10 years. The latest valuation of the following items was carried out during 2011/2012. The valuation was undertaken by Bonhams 1793 Limited, on basis of Insurance.
- The most significant items held in this category are:

Charter granted by King Canute

The Red Register

Charter granted by King Hardecut

William Asshebourne's book

Royal Charter and Letters Patent

Tolbooth Court orders

- In addition to the items listed above the Borough Archive contains some 1,250 boxes of diverse archive materials. The latest valuation was carried out during 2012/2013 by Bonhams 1793 Ltd, on basis of Insurance.
- The Borough Archive is located at King's Lynn Town Hall and is open for public access on Fridays throughout the year.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. The Council will occasionally dispose of heritage assets, the proceeds of such items are accounted for in accordance with the Council general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

Inventories

Inventory is stated at the lower of cost, which is either computed on the basis of selling price less the appropriate trading margin (i.e. nursery stock) or as average unit cost, and net realisable value.

Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Jointly Controlled Operations

Jointly controlled operations are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers, rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the lease property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets held for sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease liability (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset.

At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of Non-Current Assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2012/2013 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Authority's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on Assets held for sale.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

Property, Plant and Equipment

Assets that have physical substance are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

All expenditure over £10,000 on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Authority. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are carried in the Balance Sheet using the following measurement bases:

- Infrastructure and community assets – depreciated historical cost
- All other assets – fair value, determined by the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued every five years on the basis recommended by CIPFA and in accordance with the Royal Institute of Chartered Surveyor's Standards Valuation Manual (6th Edition), and an interim review is conducted annually, to ensure that their carrying amount is not materially different from their fair value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. [Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a revaluation or impairment loss previously charged to a service] Non-current assets are classified into the groupings required by the Code of Practice on Local Authority Accounting. During the year assets within the Regeneration portfolio were revalued.

Portfolio	Last Dates for next Revaluation
Housing	31 March 2015
Culture (part)	31 March 2016
Resources and Performance (part), Culture (part) and Recreation	31 March 2017
Regeneration (King's Lynn and Other)	31 March 2018
Environmental Health and Resources and Performance (part)	31 March 2019

All properties are valued by RICS qualified staff working for the Authority.

Where decreases in value are identified, the revaluation loss is accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Componentisation

Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the asset and whose useful life differs, the components are depreciated separately, unless the componentisation makes no material difference to the overall depreciation charge. The following de-minimus levels have been set for componentisation of an asset (as the values are not considered significant in relation to componentisation):

- Assets with a total cost of £100,000 or less will not be subject to componentisation.
- Any components with a cost of 10% or less of the total cost of an asset will not be componentised separately.

Componentisation is considered for new valuations, enhancement expenditure and acquisition expenditure carried out on or after 1 April 2010.

The Authority recognises the following levels of components:

- Structure
- Roof
- External Works
- Internal Services

Componentisation is not applicable to land as land is non-depreciable and is considered to have an infinite life.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service lines(s) in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and the carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation or revaluations that would have been recognised had they not been classified as Assets Held for Sale and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

The written-off value of disposals is not a charge against Council Tax, as the cost of Non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives.

Depreciation is calculated on the following bases:

Asset Lives	Buildings	including Structures, Roofing and External works	up to 60 years
		Internal Services	up to 15 years
	Equipment		up to 15 years
	Vehicles		up to 7 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit in the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back to the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against the Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for Non-current assets, financial instruments and retirement benefits and that do not represent usable resources for the Authority –these reserves are explained in the relevant policies.

Revaluation Reserve

This reserve records the gains and losses arising on the revaluation the Authority's Non-current assets from 1 April 2007. Previously, such gains and losses were taken to the Fixed Asset Restatement Account. The balance on the Fixed Asset Restatement Account as at 31 March 2007 was transferred to the Capital Adjustment Account on 1 April 2007.

The reserve records the accumulated gains on the Non-current assets held by the Authority arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

The reserve is also debited with amounts equal to the depreciation charges on assets that have been incurred only because the asset has been revalued i.e. the difference between depreciation charged and that which would have been charged if the asset was held at historic cost. On disposal, the Revaluation Reserve balance for the asset disposed of is written out to the Capital Adjustment Account. The overall balance on the reserve thus represents the amount by which the current value of Non-current assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historical cost.

Capital Adjustment Account

Established on 1 April 2007, the balance is the amalgamation of the Fixed Asset Restatement Account and the Capital Financing Account as at that date. Consequently, the opening balance consists of:

- The consolidation of gains arising from the revaluation of Non-current assets (as previously taken to the Non-current assets Restatement Account);and
- Revenue funds set aside as a provision to repay external loans and the financing of capital payments from capital receipts and revenue reserves (formerly presented in the Capital Financing Account).

The Account accumulates the write-down of the historical cost of Non-current assets as they are consumed by depreciation and impairments or written off on disposal, and the resources that have been set aside to finance capital expenditure. The balance on the Account thus represents timing differences between the amount of the historical cost of Non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Financial Instruments Adjustment Account

This reserve contains the difference between financial instruments measured at fair value and the balances required to comply with statutory requirements.

Pensions Reserve

Reconciles the payments made for the year to the defined benefits scheme in accordance with the scheme's requirements and the net change in the Authority's recognised liability under IAS 19 – Retirement Benefits, for the same period.

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the difference arising from the recognition of Council Tax income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Accumulated Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenues and Customs. VAT receivable is excluded from Income.

Council Tax and National Non-Domestic Rate Income

Billing Authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR). In its capacity as a billing Authority, the Council acts as an agent collecting and distributing Council Tax and NNDR income on behalf of the major preceptors and itself.

From 1 April 2009, the Council has been required to show Council Tax income in the Comprehensive Income and Expenditure Account as accrued income.

From 1 April 2013, the Council has been required to show National Non-Domestic Rate income in the Comprehensive Income and Expenditure Account as accrued income.

The Council's share of Collection Fund income and expenditure is recognised in the Comprehensive Income and Expenditure Statement in the Taxation and Non-Specific Grant Income and Expenditure section.

Auditor's Report

Independent auditor's report to the Members of the Borough Council of King's Lynn and West Norfolk

Conclusion on the Borough Council of King's Lynn and West Norfolk's arrangements for securing economy, efficiency and effectiveness in the use of resources.

Glossary

Balances	Working balances are needed to finance expenditure in advance of income from precepts and grant. Any excess may be applied, at the discretion of the Authority, to reduce the Council Tax precept or to meet unexpected costs during the year. Balances on holding accounts and funds are available to meet expenditure in future years without having an adverse effect on revenue expenditure.
Budget	A statement of the income and expenditure plan of the Authority over a specified period. The most common is the annual Revenue budget expressed in financial terms which can include other information, e.g. number of staff.
Capital Adjustment Account	Introduced in the 2007 Statement of Recommended Practice, and reflecting the difference between the cost of Non-current assets consumed and the capital financing set aside to pay for them.
Capital Expenditure	Payments made for the acquisition or provision of assets of Long Term value to the Authority e.g. land, buildings and equipment.
Capital Financing	The raising and application of money to pay for capital expenditure. Usually the cost of capital assets is met by borrowing but capital expenditure may also be financed by other means such as leasing or contributions from the revenue accounts, the proceeds of the sale of capital assets, capital grants, and other contributions.
Capital Grants	Grants from the Government or other bodies toward capital expenditure on a specific service or project.
Capital Receipts	Receipts from the sale of Non-current assets. These may be used to finance capital expenditure.
Capital Reserves	An internal account used as an alternative to external borrowing to finance capital expenditure.
Carrying Amount	The value included in the Balance Sheet for Non-current assets is the carrying amount. This is the original cost of the Non-current asset less any depreciation, amortisation or impairment costs and increases/decreases in value or revaluation.

Counterparty	A party to a contract.
Current Assets	Assets whose value tends to vary on a day to day basis. It is reasonable to expect that assets under this heading in a balance sheet would be consumed or realised during the next accounting period, e.g. stocks, cash, bank balances and receivables.
Current Expenditure	Expenditure on the day-to-day running of services.
Current Liabilities	Those amounts which will become payable or could be called upon within the next accounting period., e.g. Payables, cash overdrawn
Fair Value	An estimate of the market value of an asset or liability for which a market price cannot be determined.
Financial Instrument	Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
Financial Instruments Adjustment Account	Contains the difference between financial instruments measured at fair value and the balances required to comply with equipment
Non-Current Assets	These are assets that are likely to be in use by the Authority for more than one year, such as land and buildings and plant and equipment.
General Fund	The main revenue fund of an Authority into which is paid the precept and Government grants and from which is met the cost of providing services.
Government Grants	Payments by Central Government towards local Authority expenditure. They may be specific e.g. Housing Benefits or general e.g. Revenue Support Grant.
Heritage Asset	Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. They are held by the Council in pursuit of its overall objectives in relation to the maintenance of heritage. Heritage assets include historical buildings, archaeological sites, military and scientific equipment of historical importance, historic motor vehicles, civic regalia, orders and decorations (medals), museum and gallery collections and works of art.
Housing Advances	Loans previously given by an Authority to individuals towards the cost of acquiring or improving their homes.

Housing Benefit	Subsidy payments from the Government to persons on low income to reduce rent and / or Council Tax payments due to the Authority or private landlords.
Impairment	A downward revaluation of Non-current assets to ensure the carrying value is equal to the recoverable amount.
Intangible Assets	Intangible items may meet the definition of an asset when access to the future economic benefits is controlled by the Authority, either through custody or legal protection. Intangible items include software licences and housing nomination rights.
Irrecoverables	Amounts due from Receivables finally deemed lost to an Authority and written out of the accounts.
Local Area Agreement	A partnership with other public bodies which uses Government grants to finance work towards jointly agreed objectives for local public services.
Outturn	The actual level of expenditure and income in a particular year.
Precepts	The charge made by County, Police, Borough and Parishes on the Collection Fund to meet their net expenditure.
Rateable Value	The notional annual rental value of a premise to which the rate poundage is applied to determine the rates payable.
Rate Levy	The number of pence in the pound which is applied to the rateable value to determine the rates.
Renewals Reserve	An account an Authority can establish to meet the cost of replacing and renewing its vehicles, plant and equipment.
Revaluation Reserve	Introduced in the 2007 Statement of Recommended Practice, for recording the net gain (if any) from revaluations, depreciation and impairment made after the 1 April 2007.
Revenue Contributions to Capital	The use of revenue monies to finance capital expenditure instead of financing the expenditure from loan, capital receipts, lease or unsupported borrowing.
Revenue Expenditure Funded from Capital under Statute	Capital expenditure that does not result in a new or enhanced asset in the Authority's accounts. An example is improvement grants made to individuals. These are charged to the Income and Expenditure Account.
Revenue Expenditure	Expenditure on day-to-day expenses – principally employees, running expenses of buildings and equipment and capital financing charges.
Revenue Support Grant	A grant paid by Central Government to aid Local Authority expenditure generally.
Soft Loans	Loans made at less than market value rates are classified as soft loans.
Trading Operations	Services which are operated partly or wholly on commercial lines, e.g. markets.

Transferred Debt	The amounts in the Authority's Balance Sheet which are still owed to or by other bodies to repay the debt outstanding on assets transferred to or from those authorities. (See Transferred Services).
Transferred Services	Those services which were once administered by one Authority but which, for a variety of reasons, have been transferred into the control of another Authority. It is sometimes necessary for the original Authority to continue to repay loans and this expenditure, together with associated costs is then recovered from the Authority to which the services have been transferred. (See Transferred Debt).
Unsupported Borrowing	A form of capital finance funded by revenue either by increased income or a reduction in costs. There is not Government grant to support this form of funding.

Borough Council of
**King's Lynn &
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Resources

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