



STATEMENT OF ACCOUNTS

2015-2016

Borough Council of
King's Lynn &
West Norfolk



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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 Assistant Director (S151 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 Audit Committee at the meeting held on 5 September 2016.

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

Councillor David Pope, Chair of Audit Committee of the Borough Council of King's Lynn and West Norfolk as Chair of the Meeting

5 September 2016

Assistant Director's Responsibilities

The Assistant Director 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 2016.

In preparing the Statement of Accounts, the Assistant Director 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 Assistant Director 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 2016, and its income and expenditure for the year then ended.

Lorraine Gore
Assistant Director (S151 Officer)
5 September 2016

Narrative Report

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 2016. 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 Accounting Policies as set out on pages 96 to 119 and various notes to the accounts.

2 The Council's Performance

The Council publishes a Corporate Business Plan which sets out the broad framework for the Council's aims for the period covered by the plan. Following the local elections in May 2015, a new Corporate Business Plan was developed, and was agreed by Council in January 2016.

The plan outlines six priority aims, supported by 18 key objectives in areas of key importance to the authority. The six priority aims within the new plan are

1. Provide important local services within our available resources
2. Drive local economic and housing growth
3. Work with our communities to ensure they remain clean and safe
4. Celebrate our local heritage and culture
5. Stand up for local interests within our region
6. Work with our partners on important services for the borough

The Corporate Business Plan is aligned with the Council's Financial Plan and both documents are available on the Council's website.

Progress towards achieving the aims outlined in the Council's Corporate Business Plan was monitored through the Corporate Business Plan Monitoring Report and considered by the Corporate Performance Panel. The final monitoring report for 2015/2016 was considered by the Corporate Performance Panel on 8 June 2016 and is available on the Council's website.

3 Key achievements during 2015/2016 include:

The programme of housing development at the Nar Ouse site, known as Nar Valley, continued during 2015/2016 with the completion of phase 1 of the project and the start of phase 2. The joint venture with Norfolk County Council is set to deliver around 170 new homes built in three phases.

The Council's channel shift programme was launched and all new benefit claims are now received online.

The King's Lynn Bus station refurbishment works were completed.

Construction works on the new Lynnsport access road commenced in early 2016 which will open up housing land for development at Marsh lane and Lynnsport in King's Lynn. The housing development will be undertaken within the Major Housing Project over the next 5 years.

The new Nar Ouse Business Park Enterprise Zone was one of the new ten EZ sites announced by the Government in the Autumn 2015 statement. One of the first buildings on the new zone is the King's Lynn Innovation Centre (KLIC) which was made possible with New Anglia LEP, Borough Council and Nwes funding.

An extensive programme of festivals and events has been held to attract people into West Norfolk and showcase our area.

Extensive work on the King's Lynn Town Hall complex including the creation of the new Stories of Lynn Exhibition, which opened in March 2016, was made possible with a grant of £1.8m from the Heritage Lottery Fund.

4 Financial Outlook

The Borough Council of King's Lynn and West Norfolk continues to face significant financial pressures due to reductions in funding from central government along with greater volatility in income streams, particularly business rates.

In November 2015 the Comprehensive Spending Review set out the strategic direction for public expenditure. The Council has a good track record of delivering change and over the last eight years, the Council has identified and delivered significant efficiencies, including revenue budget savings of £7.6 million. Despite this, the continuing budget deficit highlighted in the Financial Plan 2015-2020 shows a shortfall in 2019/20 of £2.5million. To meet this challenge, significant changes are required to transform how the Council provides frontline services and works to achieve the priorities set out in the Corporate Business Plan. A robust process of identifying proposals to make revenue savings / generate additional revenue has been underway since Autumn 2015; and the agreed proposals will form the basis of an 'Efficiency Plan', which, subject to Council agreement, will be submitted to the Government to fix a four-year financing settlement. Work will be undertaken to produce the changes required to deliver the savings identified, before 2019/20. The work being completed, and therefore the savings being generated, will be monitored closely in order to achieve the savings target.

5 Annual Governance Statement

The Annual Governance Statement, which can be found at 'http://www.west-norfolk.gov.uk/pdf2016_Annual_Governance_Statement.pdf', provides a review of the effectiveness of the Council's governance framework, internal control and risk management arrangements.

6 Summary of Accounts 2015/2016

The Council set a revised budget in February 2016 of £16,181,000 intending to move £1,890,000 to its General Fund balance, to give a Budget Requirement of £18,071,000.

The outturn position for the year shows expenditure of £16,133,000 and a transfer of £1,914,000 to the General Fund Balance thereby meeting the Budget Requirement of £18,071,000. 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 14, Comprehensive Income and Expenditure Statement.

	Original Budget 2015/2016		Revised Budget February 2016		Actual 2015/2016	
	£'000	£'000	£'000	£'000	£'000	£'000
Balance brought forward		(3,797)		(3,797)		(3,797)
Expenditure in the year	17,095		16,181		16,133	
Budget Requirement	18,071		18,071		18,071	
Reimbursement of lump sum Pension Payment *		(1,108)		(1,108)		(1,108)
(Surplus)/Deficit for year *		132		(782)		(830)
Balance carried forward		(4,773)		(5,687)		(5,735)

* Original Budget 2015/2016 was shown as one figure (£976,000) in the Financial Plan 2014-2018. This is shown in the table above split between the reimbursement of the lump sum pension payment and deficit in the year.

7 Accounting for Current Economic Conditions

The 2015/2016 financial year has continued to be dominated by the challenging economic conditions in the UK and the global economy. In February 2015 the Council set a Financial Plan for 2014/2018 which included £2.7m 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 £0.9m in 2015/2016. During the year ended 31 March 2016, the Council continued to look for opportunities to produce budget savings and an additional £1.2m 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.

8 Overall Financial Position 2015/2016

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 2015/2016. 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.

9 Capital

During 2015/2016, the Authority spent £11,218,071 on capital projects. Major areas of spending were:

ICT Development Programme	£164,051
NORA Housing Development (50% share of jointly controlled asset with Norfolk County Council)	£2,666,755
Private Sector Housing Assistance	£949,927
Mintlyn Crematorium – Replacement Cremators and Building Extension	£831,193
Major Housing Development (including new access road)	£2,082,680
Enterprise Centre (KLIC)	£1,161,517
Industrial Estate – Reroof	£280,899
King's Lynn Bus Station	£1,027,927
Stories of Lynn	£787,644
South Quay Redevelopment	£362,781
Flood Gates	£139,105
King's Lynn Nursery	£116,923

10 Summary of Capital Expenditure 2014/2015 and 2015/2016

The Capital Expenditure is as follows:

	2014/2015	2015/2016
	Outturn	Outturn
	£'000	£'000
Major Projects	6,636	9,001
Central and Community Services	764	1,123
Chief Executive	400	56
Commercial Services	799	1,038
Environment and Planning Services	0	0
Resources	295	0
Capital Programme Outturn	8,894	11,218

These figures include £3,237,805 (£1,171,041 2014/2015) Revenue Expenditure Funded from Capital under Statute (REFCUS) for Disabled Facility Grants, Housing Grants and Other Grants, £1,799,047 (£1,008,464 2014/2015) of the expenditure has been funded by grant and other contributions.

These figures also include £2,666,755 (£2,598,938 2014/2015) expenditure on the NORA Housing Development which is the Council's 50% share of a joint operation with Norfolk County Council.

11 Capital Programme 2016/2017 to 2019/2020

	2016/2017	2017/2018	2018/2019	2019/2020	Total
	£'000	£'000	£'000	£'000	£'000
Capital Programme	25,321	23,377	13,321	11,988	74,007
less 50% NORA Housing Development (Joint operation with Norfolk County Council)	(3,220)	0	0	0	(3,220)
Capital Programme for Financing	22,101	23,377	13,321	11,988	70,787
Sources of Finance:					
Specific Capital Grants	759	759	759	759	3,036
Capital Receipts	6,471	16,616	22,600	23,900	69,587
S106 Funds	190	38	0	0	228
Local Transport Board	1,000	0	0	0	1,000
Reserves/Internal Borrowing	3,577	(1,679)	1,206	1,408	4,512
Unsupported Borrowing	1,151	629	274	45	2,099
Temporary Borrowing	8,953	7,014	(11,518)	(14,124)	(9,675)
Total Resources Available	22,101	23,377	13,321	11,988	70,787

12 General Fund

The 2015/2016 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 Outturn	Difference Revised to Actual
	2015/2016	2015/2016	2015/2016
	£	£	£
Corporate	2,577,250	3,462,686	885,436
Democracy	1,357,280	1,325,389	(31,891)
Service Areas:			
Central and Community Services	2,655,210	1,573,825	(1,081,385)
Chief Executive	5,499,010	4,791,393	(707,617)
Commercial Services	5,045,430	4,865,470	(179,960)
Environmental and Planning Resources	1,787,880	1,526,912	(260,968)
			0
Service Area Totals	18,922,060	17,545,675	(1,376,385)
Financing Adjustment	(5,574,010)	(4,236,296)	1,337,714
Internal Drainage Boards	2,619,710	2,619,687	(23)
Special Expenses	109,210	96,577	(12,633)
Council Tax Support to Parishes	103,700	106,237	2,537
Sub total	16,180,670	16,131,880	(48,790)
Reimbursement of lump sum Pension Payment	1,108,000	1,108,000	0
Contribution to Balances as reported	782,020	830,810	48,790
TOTAL	18,070,690	18,070,690	0

13 Accounting Policies

The accounting policies adopted by the Authority comply with recommended practices and are set out on pages 96 to 119.

14 Non-Adjusting Event after the Reporting Period in 2015/2016

Following the majority vote to end the UK's membership of the European Union (EU) in the EU Referendum held on 23 June 2016 there is a heightened level of volatility in the financial markets and increased macroeconomic uncertainty in the UK. All three major rating agencies (S&P, Fitch and Moody's) took action on the UK Sovereign credit rating and, following the rating action on the UK Government. There may be an impact on our investment property valuations if confidence in the wider UK property market falls; and the valuation of the defined benefit pension scheme obligations may also be affected. It is too early to estimate the quantum of any impact on the financial statements, and there is likely to be significant ongoing uncertainty for a number of months/years while the UK renegotiates its relationships with the EU and other nations. For the purposes of these financial statements, the Referendum is considered a non-adjusting event. There have been no other events occurring after the reporting date that would have a material impact on these financial statements.

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 2015/2016	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 2015 Brought Forward	(3,797)	(18,119)	(3,316)	(895)	(26,127)	(82,433)	(108,560)
								0
CIES	(Surplus)/Deficit on Provision of Services	2,627	0	0	0	2,627	0	2,627
CIES	Other Comprehensive Expenditure and Income	0	0	0	0	0	(34,627)	(34,627)
CIES	Total Comprehensive Expenditure and Income	2,627	0	0	0	2,627	(34,627)	(32,000)
5	Adjustments between Accounting Basis and Funding Basis under Regulations	(5,672)	0	1,728	0	(3,944)	3,944	0
	Net (Increase)/Decrease before Transfers to Reserves	(3,045)	0	1,728	0	(1,317)	(30,683)	(32,000)
6	Transfer to/from Reserves	1,107	(1,107)	0	0	0	0	0
	(Increase)/Decrease in Year 2015/2016	(1,938)	(1,107)	1,728	0	(1,317)	(30,683)	(32,000)
	Balance at 31 March 2016 Carried Forward	(5,735)	(19,226)	(1,588)	(895)	(27,444)	(113,116)	(140,560)

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Note	Movements in Reserves during 2014/2015	General Fund Balance	Earmarked General Fund Reserves	Usable Capital Receipts	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Balance at 1 April 2014 Brought Forward	(5,322)	(16,975)	(2,085)	(1,033)	(25,415)	(92,293)	(117,708)
CIES	(Surplus)/Deficit on Provision of Services	(1,207)	0	0	0	(1,207)	0	(1,207)
CIES	Other Comprehensive Expenditure and Income	0	0	0	0	0	10,355	10,355
CIES	Total Comprehensive Expenditure and Income	(1,207)	0	0	0	(1,207)	10,355	9,148
5	Adjustments between Accounting Basis and Funding Basis under Regulations	1,593	0	(1,231)	133	495	(495)	0
	Net (Increase)/Decrease before Transfers to Reserves	386	0	(1,231)	133	(712)	9,860	9,148
6	Transfer to/from Reserves	1,139	(1,144)	0	5	0	0	0
	(Increase)/Decrease in Year 2014/2015	1,525	(1,144)	(1,231)	138	(712)	9,860	9,148
	Balance at 31 March 2015 Carried Forward	(3,797)	(18,119)	(3,316)	(895)	(26,127)	(82,433)	(108,560)

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 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.

2014/2015				2015/2016		
Gross Expenditure	Gross Income	Net Expenditure	Note	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
2,548	(1,395)	1,153		3,334	(1,648)	1,686
2,339	(120)	2,219		3,846	(27)	3,819
9,477	(4,208)	5,269		7,932	(2,619)	5,313
11,013	(6,094)	4,919		11,126	(5,602)	5,524
3,921	(2,141)	1,780		5,722	(2,716)	3,006
45,872	(43,256)	2,616		45,578	(42,922)	2,656
3,434	(4,930)	(1,496)		3,421	(5,125)	(1,704)
87	0	87		65	0	65
78,691	(62,144)	16,547		81,024	(60,659)	20,365
		4,030	7			4,155
		111	8			512
		(21,895)	9			(22,405)
		(1,207)	13			2,627
		(239)				(17,949)
		10,594	19			(16,678)
		10,355				(34,627)
		9,148				(32,000)

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 2015	Note		31 March 2016
£'000			£'000
113,113	26	Property, Plant and Equipment	128,798
17,954	25	Heritage Assets	17,954
24,076	23	Investment Property	24,225
706	24	Intangible Assets	608
6,044	35	Long Term Investments	7,530
2,538	30	Long Term Receivables	4,297
164,431		Long Term Assets	183,412
14,343	35	Short Term Investments	18,229
88		Inventories	85
9,113	29	Short Term Receivables	9,829
6,810	12	Cash and Cash Equivalents	1,484
654	28	Assets Held for Sale	1,091
31,008		Current Assets	30,718
(3,753)	33	Provisions	(2,833)
(140)	35	Short Term Borrowing	(4,187)
(13,525)	31	Short Term Payables	(11,274)
(17,418)		Current Liabilities	(18,294)
(1,144)	34	Grants Receipts in Advance	(395)
(13,400)	35	Long Term Borrowing	(13,200)
(244)		Other Long Term Liabilities	(202)
(54,673)	19	Pension Liabilities	(41,479)
(69,461)		Long Term Liabilities	(55,276)
108,560		Net Assets	140,560
(26,127)	MIR	Usable Reserves	(27,444)
(82,433)	11	Unusable Reserves	(113,116)
(108,560)		Total Reserves	(140,560)

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.

2014/2015	Note		2015/2016
£'000			£'000
1,207	CIES	Net Surplus or (Deficit) on the Provision of Services	(2,627)
5,126		Adjust to Surplus or Deficit on the Provision of Services for Non Cash Movements	19,135
(3,373)		Adjust for Items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities	(8,296)
2,960		Net Cash flows from Operating Activities	8,212
(5,381)		Investing Activities	(12,006)
(2,329)		Financing Activities	(1,532)
(4,750)		Net Increase or Decrease in Cash and Cash Equivalents	(5,326)
11,560		Cash and Cash Equivalents at the Beginning of the Reporting Period	6,810
6,810	12	Cash and Cash Equivalents at the End of the Reporting Period	1,484
6,810		Check Cash and Cash Equivalents at the end of the reporting period	1,484
0		Difference	0

Notes to Core Financial Statements

1 Restatements – Prior Period Adjustments

There are no prior period adjustments within the Statement of Accounts for 2015/2016.

2 Accounting Standards Issued, Not Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2016/2017 Code:

- IAS 1 Presentation of Financial Statements. This standard provides guidance on the form of the financial statements. The review of the presentation of the Local Authority financial statements as well as the December 2014 changes to IAS 1 under the International Accounting Standards Board (IASB) Disclosure Initiative will result in changes to the format of the accounts in 2016/2017. The format of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement will change and introduce a new Expenditure and Funding Analysis.
- Other minor changes due to Annual Improvements to IFRSs cycles, IFRS 11 Joint arrangements, IAS 16 Property Plant, Equipment and IAS 38 Intangible Assets and IAS 19 Employee Benefits are minor and not expected to have a material effect on the Council's Statement of Accounts.

The Code requires implementation from 1 April 2016 and therefore there is no impact on the 2015/16 Statement of Accounts.

3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out on pages 96 to 119 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 a need to close facilities and reduce 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 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 repair 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 £129m as at 31 March 2016. Of this, £67m relates to land which is not subject to depreciation and is considered to have an infinite life. Vehicle, plant and equipment assets account for £4.3m 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 £321,000 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 £157,000 and the value of the asset decrease.

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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 10% and cost £15,968,000; a one year increase in member life expectancy would increase employer liability by 3% and cost £4,760,000; a 0.5% increase in the salary increase rate would lead to an increase of 3% in employer liability and cost £4,675,000 and a 0.5% increase in the pension increase rate would increase employer liability by 7% and cost £11,091,000.</p> <p>However, the assumptions interact in complex ways. The carrying value on the Balance Sheet of Pensions Liability as at 31 March 2016 was (£41,479,000).</p>
Arrears	<p>At 31 March 2016, the Authority had a balance of sundry receivables of £4,846,454. A review of significant balances suggested that an allowance for doubtful debts of 46% (£2,201,310) 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, it would be considered prudent to increase the amount of doubtful debts allowance by £473,977.</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 2016. 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 2016.</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 £77,299.</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	2014/2015 Usable Reserves		Movement in Unusable Reserves		General Fund Balance	2015/2016 Usable Reserves		Movement in Unusable Reserves	
	Usable Capital Receipts	Capital Grants Unapplied				General Fund Balance	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:					
(5,428)	0	0	5,428	Charges for Depreciation and Impairment of Non-Current Assets	(7,655)	0	0	7,655	
(1,235)	0	0	1,235	Revaluation Losses on Property, Plant and Equipment (Note 11-CAA)	(3,250)	0	0	3,250	
553	0	0	(553)	Movements in the Market Value of Investment Properties	226	0	0	(226)	
3,058	0	0	(3,058)	Reverse Impairments in year from Revaluation Increase	1,912	0	0	(1,912)	
(146)	0	0	146	Amortisation of Intangible Assets	(191)	0	0	191	
(295)	0	0	295	Revenue Expenditure Funded from Capital under Statute	(1,439)	0	0	1,439	
(862)	0	0	862	Amounts of Non-Current Assets written off on disposal or sale as part of the (Gain)/Loss on Disposal to the CIES	(3,667)	0	0	3,667	
(14)	0	0	14	Soft Loans - Adjustments	(18)	0	0	18	
138	0	0	(138)	Fair Value Adjustment for Donated Assets	0	0	0	0	
419	0	0	(419)	Capital Grants and Contributions Applied	2,493	0	0	(2,493)	
	0	0		Insertion of items not Debited/(Credited) to the CIES		0	0		
325	0	0	(325)	Statutory Provision for the Financing of Capital Investment	306	0	0	(306)	
753	0	0	(753)	Additional Provision for the Financing of Capital Investment relating to Internal Repayment of Prudential Borrowing	863	0	0	(863)	
1,965	0	0	(1,965)	Capital Expenditure charged against the General Fund	2,775	0	0	(2,775)	
(48)	0	0	48	Principal repayment of Finance Leases where the Council is the lessor	(15)	0	0	15	
68	0	0	(68)	Principal repayment of Finance Leases where the Council is the lessee	43	0	0	(43)	
				Adjustment primarily involving the Capital Grants Unapplied Account					
0	0	133	(133)	Application of Grants to Capital Financing transferred to the Capital Adjustment Account for Revenue Expenditure Funded from Capital under Statute	0	0	0	0	

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General Fund Balance	2014/2015		Movement in Unusable Reserves		General Fund Balance	2015/2016		Movement in Unusable Reserves
	Usable Reserves					Usable Reserves	Capital Grants Unapplied	
	Usable Capital Receipts	Capital Grants Unapplied						
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
				Adjustment Primarily Involving the Capital Receipts Reserve				
1,809	(1,809)	0	0	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	4,600	(4,600)	0	0
0	606	0	(606)	Use of Capital Receipts Reserve to Finance New Capital Expenditure		6,455	0	(6,455)
(1)	1	0	0	Contribution from the Capital Receipts Reserve to Finance the payments to the Government Capital Receipts Pool	0	0	0	0
29	(29)	0	0	Repayment of Improvement Grant and Release of Covenant	127	(127)	0	0
		0		Deferred Capital Receipts				
(5)	0	0	5	Mortgage Principal Repaid	0	0	0	0
				Adjustments Involving the Financial Instruments Adjustment Account:				
57	0	0	(57)	Amount by which Finance Costs Charged to the CIES are different from Finance Costs Chargeable in the Year (in accordance with statutory requirements)	63	0	0	(63)
				Adjustments Involving the Pensions Reserve:				
(4,859)	0	0	4,859	Reversal of items relating to Post -Employment Benefits Debited/(Credited) to the (Surplus)/Deficit on the Provision of Services in the CIES (Note 19)	(5,610)	0	0	5,610
5,203	0	0	(5,203)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	2,126	0	0	(2,126)
				Adjustments Involving the Collection Fund Adjustment Account:				
(123)	0	0	123	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)	(39)	0	0	39
266	0	0	(266)	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)	651	0	0	(651)
				Adjustment Involving the Accounting Compensated Absences Adjustment Account:				
(34)	0	0	34	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)	27	0		(27)
1,593	(1,231)	133	(495)	Total Adjustments	(5,672)	1,728	0	3,944

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 2015/2016.

	Balance as at 31 March 2014	Transfer Out 2014/2015	Transfer In 2014/2015	Balance as at 31 March 2015	Transfer Out 2015/2016	Transfer In 2015/2016	Balance as at 31 March 2016
		£'000	£'000	£'000	£'000	£'000	£'000
General Fund:							
Amenity Areas Reserve	228	(19)	26	235	(4)	41	272
Capital Programme Resources Reserve	7344	(1,393)	1,864	7,815	(2,817)	3,507	8,505
West Norfolk Partnership	392	(295)	12	109	0	180	289
Insurance Reserve	142	(28)	49	163	(20)	0	143
Restructuring Reserve	806	0	0	806	(56)	0	750
Repairs and Renewals Reserve	814	(72)	48	790	(113)	581	1,258
Holding Accounts	2311	(354)	501	2,458	(1,055)	730	2,133
Ring Fenced Reserve	1257	(191)	79	1,145	(205)	86	1,026
Planning Reserve	598	(29)	0	569	(43)	102	628
Grants Reserves	435	(302)	417	550	(124)	454	880
Collection Fund Adjustments	2224	0	829	3,053	(1,033)	1,304	3,324
Project Reserves	424	0	0	424	(424)	0	0
Other Reserves	0	0	2	2	0	16	18
Total	16,975	(2,683)	3,827	18,119	(5,894)	7,001	19,226

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.

West Norfolk Partnership – tackles problems affecting residents of West Norfolk in a joint initiative between public, private and voluntary sector organisations.

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: £427,000 salary on-cost/administration holding account to support the revenue budget in respect of over/under recovery of recharges, £235,000 housing reserves, in particular Homelessness Projects, £300,000 Local Public Service Agreement Reserves for cleansing and refuse/recycling, £135,000 Legal Commissioning Reserve, £175,000 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.

Collection Fund Adjustment Reserve – this reserve holds the accounting adjustments necessary for the Council's NNDR Safety Net and Levy payments.

Project Reserves – to be used for implementation costs on future projects.

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

7 Comprehensive Income and Expenditure Statement – Other Operating Expenditure

2014/2015		2015/2016
£'000		£'000
2,405	Parish Council Precepts	2,483
2,609	Levies	2,620
1	Payments to the Government Housing Capital Receipts Pool	0
(985)	Net (Gains) on the Disposal of Non-current Assets	(948)
4,030		4,155

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

2014/2015		2015/2016
£'000		£'000
509	Interest Payable and similar charges	492
1,862	Net Interest on the net defined Benefit Liability (Asset)	1,777
(267)	Interest (Receivable) and similar income	(379)
(553)	Net (Gains) and Losses on Fair Value Adjustments on Investment Properties	(226)
(1,440)	Net (Income) from Investment Properties	(1,152)
111		512

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

2014/2015		2015/2016
£'000		£'000
(7,726)	Council Tax (Income)	(7,874)
(6,012)	Non-domestic Rates (Income and Expenditure)	(7,633)
(8,020)	Non-Ring fenced Government Grants (Income)	(6,898)
(137)	Donated Assets Fair Value Adjustment	0
(21,895)		(22,405)

10 Comprehensive Income and Expenditure Statement – Material Item of Income and Expenditure 2015/2016

In 2015/2016 an increase in the defined benefits Pension obligation of (£15,051,000) has increased the Authority's Pensions liabilities to £41,479,000.

11 Balance Sheet – ReservesUsable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement on Page 11-13.

Unusable Reserves

2014/2015		2015/2016
£'000		£'000
(46,372)	Revaluation Reserve	(62,630)
(93,030)	Capital Adjustment Account	(93,558)
647	Financial Instruments Adjustment Account	584
54,673	Pensions Reserve	41,479
1,413	Collection Fund Adjustment Account	800
236	Accumulating Compensated Absences Adjustment Account	209
(82,433)		(113,116)

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.

2014/2015		2015/2016
£'000		£'000
(46,505)	Balance at 1 April	(46,372)
(668)	Upward Revaluation of Assets	(18,246)
429	Impairment Losses	297
(239)	In Year Surplus on revaluation of non-current assets	(17,949)
276	Difference between Fair Value Depreciation and Historical Cost Depreciation	340
96	Derecognition of Assets	1,263
0	Accumulated Gains on Assets Sold or Scrapped written off to the Capital Adjustment Account	88
372	In Year amounts written out to the Capital Adjustment Account	1,691
(46,372)		(62,630)

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.

2014/2015		2015/2016
£'000		£'000
(92,668)	Balance at 1 April	(93,030)
5,428	Charges for Depreciation and Impairment of Non-Current Assets	3,138
0	Charges for Impairment of Non-Current Assets - Property, Plant and Equipment	2,697
0	Charges for Impairment of Non-Current Assets -Intangible Assets	17
0	Charges for Impairment of Non-Current Assets -Investment Properties	281
0	Derecognition of Assets	1,522
1,235	Revaluation Losses on Property, Plant and Equipment	3,250
(3,058)	Reverse Impairments in year from Revaluation Increase	(1,912)
146	Amortisation of Intangible Assets	191
162	Revenue Expenditure Funded from Capital Under Statute (Net)	1,439
862	Amounts of Non-Current Assets Written Off on Disposal or Sale as part of the (Gain)/Loss on Disposal to the CIES Statement-Property, Plant and Equipment	3,457
0	Amounts of Non-Current Assets Written Off on Disposal or Sale as part of the (Gain)/Loss on Disposal to the CIES Statement-Assets held for Sale	210
(372)	Adjusting Amounts Written out of the Revaluation Reserve	(1,690)
(419)	Capital Grants and Contributions Credited to the CIES that have been applied to Capital Financing	0
0	Capital Grants from reserves applied to capital Financing	(2,493)
(606)	Application of Capital Receipts	(6,455)
(1,965)	Capital Expenditure Charged Against the General Fund	(2,775)
(325)	Statutory Provision for the Financing of Capital Investment charged against the General Fund Balance	(306)
(753)	Additional Provision for the Financing of Capital Investment relating to Internal Repayment of Prudential Borrowing	(863)
(553)	Movements in the Market Value of Investment Properties Debited/(Credited) to the CIES	(226)
(138)	Donated Assets - fair value adjustment	0
48	Principal repayment of Finance Leases where the Council is the lessor	15
(68)	Principal repayment of Finance Leases where the Council is the lessee	(43)
14	Soft Loans - Principal repaid	18
(93,030)	Balance at 31 March	(93,558)

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.

2014/2015		2015/2016
£'000		£'000
704	Balance at 1 April	647
(57)	In Year fair value adjustment of Private Sector Housing Loans	(63)
647	Balance at 31 March	584

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.

2014/2015		2015/2016
£'000		£'000
44,421	Balance at 1 April	54,673
10,596	Actuarial (Gains)/Losses on Pensions Assets and Liabilities	(16,678)
4,859	Reversal of items relating to Retirement Benefits on the Provision of Services in the CIES	5,610
(5,203)	Employer's Pensions Contributions and Direct Payments to Pensioners Payable in the Year	(2,126)
54,673	Balance at 31 March	41,479

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.

Council Tax	NNDR	Total		Council Tax	NNDR	Total
2014/2015	2014/2015	2014/2015		2015/2016	2015/2016	2015/2016
£'000	£'000	£'000		£'000	£'000	£'000
(219)	1,776	1,557	Balance at 1 April	(96)	1,509	1,413
123	0	123	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.	39	0	39
0	(267)	(267)	Amount by which NNDR income credited to the CIES is different from NNDR income calculated for the year in accordance with statutory requirements	0	(651)	(651)
(96)	1,509	1,413	Balance at 31 March	(57)	858	801

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.

2014/2015		2015/2016
£'000		£'000
203	Balance at 1 April	236
(203)	Settlement or cancellation of accrual made at the end of the preceding year	(236)
236	Amounts accrued at the end of the current year	208
236	Balance at 31 March	208

12 Cash and Cash Equivalents

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

2014/2015		2015/2016
£'000		£'000
13	Cash held by Officers	6
947	Bank Current Accounts	825
5,850	Short Term Deposits	653
6,810	Total Cash and Cash Equivalents	1,484

13 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 2015/2016	Central & Community	Chief Executive	Commercial Services	Environment & Planning	Democracy	Corporate	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, Charges and Other Service Income	(5,264)	(2,536)	(16,653)	(3,244)	(450)	9	(28,138)
Government Grants	(647)	(41,071)	17	(239)	(38)	(19)	(41,997)
Total Income	(5,911)	(43,607)	(16,636)	(3,483)	(488)	(10)	(70,135)
Employee Expenses	3,317	3,639	4,648	2,443	540	580	15,167
Other Service Expenses	2,837	42,963	15,021	996	737	1,795	64,349
Support Service Recharges	1,331	1,796	1,832	1,571	536	1,098	8,164
Total Expenditure	7,485	48,398	21,501	5,010	1,813	3,473	87,680
Net Expenditure	1,574	4,791	4,865	1,527	1,325	3,463	17,545

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Service Head Income and Expenditure 2014/2015	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	(3,209)	(729)	(14,659)	(2,550)	(7,186)	(385)	(68)	(28,786)
Government Grants	(953)	(314)	(335)	(221)	(41,329)	(61)	(49)	(43,262)
Total Income	(4,162)	(1,043)	(14,994)	(2,771)	(48,515)	(446)	(117)	(72,048)
Employee Expenses	2,775	1,293	5,436	2,468	3,610	481	3,777	19,840
Other Service Expenses	2,421	1,245	14,901	904	43,320	717	1,354	64,862
Support Service Recharges	500	530	1,430	1,516	2,063	401	1,180	7,620
Total Expenditure	5,696	3,068	21,767	4,888	48,993	1,599	6,311	92,322
Net Expenditure	1,534	2,025	6,773	2,117	478	1,153	6,194	20,274

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.

	2014/2015	2015/2016
	£'000	£'000
Net Expenditure in the Portfolio Analysis	20,274	17,545
Net Expenditure of Services and Support Services not included in the Analysis	(7,362)	(58)
Amounts in the CIES not reported to Management in the Analysis	5,081	2,878
Allocation of Recharges	(1,446)	0
Net Cost of Services in CIES	16,547	20,365

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 Service Head 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.

2015/2016	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	(28,138)	5,008	0	6,024	(17,106)	(7,633)	(24,739)
(Surplus/Deficit) on Associates and Joint Ventures	0	0	0	0	0	0	0
Interest and Investment Income	0	0	0	0	0	(1,531)	(1,531)
Income from Council Tax	0	0	0	0	0	(7,874)	(7,874)
Government Grants and Contributions	(41,997)	(1,556)	0	0	(43,553)	(6,898)	(50,451)
Total Income	(70,135)	3,452	0	6,024	(60,659)	(23,936)	(84,595)
Employee Expenses	15,167	7,341	0	0	22,508	0	22,508
Other Service Expenses	64,349	(13,416)	0	(4,401)	46,532	0	46,532
Support Service Recharges	8,164	(25)	0	(1,623)	6,516	0	6,516
Depreciation, Amortisation and Impairment	0	2,590	2,878	0	5,468	0	5,468
Interest Payments	0	0	0	0	0	2,043	2,043
Precepts and Levies	0	0	0	0	0	5,103	5,103
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	0
Gain on Disposal of Non-Current Assets	0	0	0	0	0	(948)	(948)
Total Expenditure	87,680	(3,510)	2,878	(6,024)	81,024	6,198	87,222
(Surplus)/Deficit on the Provision of Services	17,545	(58)	2,878	0	20,365	(17,738)	2,627

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2014/2015	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	(28,786)	196	0	11,720	(16,870)	0	(16,870)
Interest and Investment Income	0	(1,817)	0	0	(1,817)	(1,707)	(3,524)
Income from Council Tax	0	0	0	0	0	(7,726)	(7,726)
Government Grants and Contributions	(43,262)	(195)	0	0	(43,457)	(14,032)	(57,489)
Total Income	(72,048)	(1,816)	0	11,720	(62,144)	(23,465)	(85,609)
Employee Expenses	19,840	3,410	0	0	23,250	0	23,250
Other Service Expenses	64,862	(11,356)	0	(11,720)	41,786	0	41,786
Support Service Recharges	7,620	0	0	(1,446)	6,174	0	6,174
Depreciation, Amortisation and Impairment	0	2,400	5,081	0	7,481	(137)	7,344
Interest Payments	0	0	0	0	0	1,818	1,818
Precepts and Levies	0	0	0	0	0	5,014	5,014
Payments to Housing Capital Receipts Pool	0	0	0	0	0	1	1
Gain on Disposal of Non-Current Assets	0	0	0	0	0	(985)	(985)
Total Expenditure	92,322	(5,546)	5,081	(13,166)	78,691	5,711	84,402
(Surplus)/Deficit on the Provision of Services	20,274	(7,362)	5,081	(1,446)	16,547	(17,754)	(1,207)

14 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, Queen Elizabeth Hospital 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.

	2014/2015	2015/2016
	£'000	£'000
Charge for Service:		
Grass Cutting Service	48	49
Care and Repair Service	223	217
Car Park Management Services	685	686
CCTV Services	137	140
	1,093	1,092

15 Joint Arrangements

Interest in Companies and Other Entities

The Code of Practice requires that Councils consider the need to include group accounts in published Statements.

The Council has reviewed its interests in companies and other organisations to determine which are to be included in the Group Accounts for 2015/2016, see pages 120 to 133.

Joint Arrangements

The Council is a member of four Joint Committees – CNC, King's Lynn Housing Development Partnership, Norfolk Museums and Archaeology Service and Freebridge Community Housing Ltd. The Council accounts include all of the Council's revenue transactions, assets and liabilities relating to these Committees.

The King's Lynn Development Partnership

Under the CIPFA Code the King's Lynn Development Partnership is classified as a joint operation. 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.

The Borough Council of King's Lynn and West Norfolk have contributed land valued at £1 million and Norfolk County Council paid £1 million to satisfy the initial cash flow requirements. Works commenced on Phase 1 site during late August 2013, Phase 2 in March 2015. The properties are currently being marketed through a local estate agent. This Council is the Accountable body. The total expenditure incurred in 2015/2016 was £5,333,569 (£5,195,317 2014/2015).

Freebridge Community Housing Limited

Freebridge Community Housing Limited (FCHL) – The Council owns 1 share with a value of £1 (33% of all the shares) in FCHL. The Council's interest in FCHL is not as an investor.

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 2016.

16 Members' Allowances

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

	2014/2015	2015/2016
	£'000	£'000
Members' Allowances	438	444

17 Officers' Remuneration

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

	2015/2016			
	Salary, Fees and Allowance	Taxable Expenses	Pension Contributions	Total
	£	£	£	£
Chief Executive *	129,470	5,112	18,126	152,708
Deputy Chief Executive/Executive Director Resources	6,466	0	905	7,371
Executive Director Commercial Services **	64,879	7,629	9,083	81,591
Executive Director Environment & Planning	79,711	2,792	11,160	93,663
Executive Director Central & Community Services	77,007	6,225	10,781	94,013
Assistant Director (Section 151 Officer)	65,293	5,050	9,141	79,484

The Council's Legal monitoring officer requirements are now fulfilled by East Law (part of North Norfolk District Council) as part of a service level agreement. The Council paid East Law £111,178 in 2015/2016 (£103,159 in 2014/2015).

* Includes remuneration from Election Duties.

** Executive Director Commercial Services reduction to four day working week.

STATEMENT OF ACCOUNTS BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

	2014/2015			
	Salary, Fees and Allowance	Taxable Expenses	Pension Contributions	Total
	£	£	£	£
Chief Executive *	127,653	4,258	17,849	149,760
Deputy Chief Executive/Executive Director Resources	74,257	6,308	10,396	90,961
Executive Director Commercial Services	80,146	5,315	11,198	96,659
Executive Director Environment & Planning	77,807	2,286	10,893	90,986
Executive Director Central & Community Services	76,213	5,702	10,670	92,585
Chief Financial Officer (Section 151 Officer)	58,556	4,572	8,198	71,326
Legal Services Manager **	5,398	120	678	6,196

There were no bonus payments to report.

* Includes remuneration from Election Duties.

** The Council's Legal monitoring officer requirements are now fulfilled by East Law (part of North Norfolk District Council) as part of a service level agreement. The Council paid East Law £103,159 in 2014/2015.

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

Remuneration band	2014/2015	2015/2016
	Number of Employees	Number of Employees
£50,000-£54,999	10	8
£55,000-£59,999	6	5
£60,000-£64,999	3	6
£65,000-£69,999	4	3
£70,000-£74,999	0	1
£75,000-£79,999	0	0
£80,000-£84,999	0	0
£85,000-£89,999	0	0
£90,000-£94,999	1*	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.

18 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	
	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016
							£'000	£'000
Up to £20,000	1	0	1	2	2	2	24	12
£20,001-£40,000	0	0	1	0	1	0	39	0
£40,001-£60,000	0	0	0	0	0	0	0	0
£60,001-£80,000	0	0	1	0	1	0	67	0
£80,001-£100,000	0	0	0	0	0	0	0	0
£100,001-£150,000	0	0	0	0	0	0	0	0
Total	1	0	3	2	4	2	130	12

19 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 Career average 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.

Discretionary Post-retirement Benefits

Discretionary Post-retirement Benefits on early retirement are an unfunded defined arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions relating to post-employment benefits

The costs of retirement benefits are recognised 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 made 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:

Comprehensive Income and Expenditure Statement

Local Government Pension Scheme	Discretionary Benefits Arrangements	Total		Local Government Pension Scheme	Discretionary Benefits Arrangements	Total
2014/2015	2014/2015	2014/2015		2015/2016	2015/2016	2015/2016
£'000	£'000	£'000		£'000	£'000	£'000
			Service Costs Comprising :			
2,910	0	2,910	Current Service Cost	3,768	0	3,768
87	0	87	Past Service Costs	65	0	65
			Financing and Investment Income and Expenditure:			
1,712	150	1,862	Net Interest Expense	1,664	113	1,777
4,709	150	4,859	Total Post- Employment Benefit Charged to the (Surplus)/Deficit on the Provision of Services	5,497	113	5,610
			Other Post-Employment Benefit Charged to the CIES:			
			Re-measurement of the Net Defined Benefit Liability Comprising:			
(9,513)	0	(9,513)	Return on Plan Assets (Excluding the amount included in the net interest expense)	870	0	870
21,485	0	21,485	Actuarial (Gains) and Losses arising on the changes in Financial Assumptions	(14,769)	(282)	(15,051)
(1,376)	0	(1,376)	Other	(2,497)	0	(2,497)
15,305	150	15,455	Total Post-Employment Benefit Charged to the CIES	(10,899)	(169)	(11,068)

Movement in Reserves Statement

Local Government Pension Scheme	Discretionary Benefits Arrangements	Total		Local Government Pension Scheme	Discretionary Benefits Arrangements	Total
2014/2015	2014/2015	2014/2015		2015/2016	2015/2016	2015/2016
£'000	£'000	£'000		£'000	£'000	£'000
(4,709)	(150)	(4,859)	Reversal of Net Charges made to the Surplus/Deficit for the Provision of Services for Post-Employment Benefits in accordance with the Code.	(5,497)	(113)	(5,610)
			Actual amount charged against the General Fund for Pensions in the year			
4,949	0	4,949	Employer's Contribution	1,882	0	1,882
0	254	254	Discretionary Benefits	0	244	244
4,949	254	5,203	Total amount charged against the General Fund for Pensions in the year	1,882	244	2,126

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined plan is as follows:

Local Government Pension Scheme	Discretionary Benefits Arrangements	Total		Local Government Pension Scheme	Discretionary Benefits Arrangements	Total
2014/2015	2014/2015	2014/2015		2015/2016	2015/2016	2015/2016
£'000	£'000	£'000		£'000	£'000	£'000
(167,778)	(3,535)	(171,313)	Present Value of the Defined Benefits Obligation	(155,539)	(3,122)	(158,661)
116,640	0	116,640	Fair Value of Plan Assets	117,182	0	117,182
(51,138)	(3,535)	(54,673)	Net Liability Arising from the Defined Benefit Obligation	(38,357)	(3,122)	(41,479)

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

Local Government Pension Scheme	Discretionary Benefits Arrangements	Total		Local Government Pension Scheme	Discretionary Benefits Arrangements	Total
2014/2015	2014/2015	2014/2015		2015/2016	2015/2016	2015/2016
£'000	£'000	£'000		£'000	£'000	£'000
101,793	0	101,793	Opening Fair Value of Scheme Assets	116,640	0	116,640
4,394	0	4,394	Interest Income	3,696	0	3,696
9,513	0	9,513	Return on Plan Assets (Excluding the amount included in the net interest expense)	(870)	0	(870)
4,949	254	5,203	Contributions from Employer	1,882	244	2,126
836	0	836	Contributions from Employees into the Scheme	859	0	859
(4,845)	(254)	(5,099)	Benefits Paid	(5,025)	(244)	(5,269)
116,640	0	116,640	Closing Fair Value of Scheme Assets	117,182	0	117,182

Reconciliation of the Present Value of Scheme Liabilities (Defined Benefits Obligation)

Local Government Pension Scheme	Discretionary Benefits Arrangements	Total		Local Government Pension Scheme	Discretionary Benefits Arrangements	Total
2014/2015	2014/2015	2014/2015		2015/2016	2015/2016	2015/2016
£'000	£'000	£'000		£'000	£'000	£'000
(142,706)	(3,508)	(146,214)	Opening Balance at 1 April	(167,778)	(3,535)	(171,313)
(2,910)	0	(2,910)	Current Service Cost	(3,768)	0	(3,768)
(6,106)	(150)	(6,256)	Interest Cost	(5,360)	(113)	(5,473)
(836)	0	(836)	Contributions from Scheme Participants	(859)	0	(859)
(21,354)	(131)	(21,485)	Actuarial (Gains) and Losses Arising on the Changes in Financial Assumptions	14,769	282	15,051
1,376	0	1,376	Other	2,497	0	2,497
(87)	0	(87)	Past Service Cost	(65)	0	(65)
4,845	254	5,099	Benefits Paid	5,025	244	5,269
(167,778)	(3,535)	(171,313)	Closing Balance as at 31 March	(155,539)	(3,122)	(158,661)

Local Government Pension Scheme Assets Comprised:

Asset Category	Period Ended 31 March 2015				Period Ended 31 March 2016			
	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	
Equity Securities:								
Consumer	5,015	0	5,015	4%	8,409	0	8,409	7%
Manufacturing	6,187	0	6,187	5%	6,106	0	6,106	5%
Energy and Utilities	2,568	0	2,568	2%	2,632	0	2,632	2%
Financial Institutions	7,501	0	7,501	6%	7,668	0	7,668	7%
Health and Care	3,944	0	3,944	3%	3,743	0	3,743	3%
Information Technology	3,963	0	3,963	3%	3,525	0	3,525	3%
Other	5,911	0	5,911	5%	0	0	0	0%
Debt Securities:								
Corporate Bonds (investment grade)	4,907	0	4,907	4%	0	0	0	0%
Corporate Bonds (Non-investment grade)	127	0	127	0%	0	0	0	0%
UK Government	0	0	0	0%	0	0	0	0%
Other	0	0	0	0%	0	0	0	0%
Private Equity:								
All	0	7,671	7,671	7%	7,534	0	7,534	6%
Real Estate:								
UK Property	0	12,389	12,389	11%	13,356	0	13,356	11%
Overseas Property	0	1,422	1,422	1%	1,806	0	1,806	2%
	40123	21482	61605	51%	54,778	0	54,778	46%

STATEMENT OF ACCOUNTS BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

Cont.

Asset Category	Period Ended 31 March 2015				Period Ended 31 March 2016			
	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	
Investment Funds and Unit Trusts:								
Equities	46,947	0	46,947	40%	30,091	0	30,091	26%
Bonds	4,831	0	4,831	4%	30,147	0	30,147	26%
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	103	0	103	0%	(362)	0	(362)	0%
Other	42	0	42	0%	0	0	0	0%
Cash and Cash Equivalents:								
All	0	3,112	3,112	3%	0	2,529	2,529	2%
Totals	92,046	24,594	116,640	98%	114,653	2,529	117,182	100%

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	
	2014/2015	2015/2016
Mortality Assumptions:		
Longevity at 65 for Current Pensioners:		
Men	22.1 yrs	22.1 yrs
Women	24.3 yrs	24.3 yrs
Longevity at 65 for Future Pensioners:		
Men	24.5 yrs	24.5 yrs
Women	26.9 yrs	26.9 yrs
Rate of increase in Salaries	3.3%	3.2%
Rate of increase in Pensions	2.4%	2.2%
Rate for discounting Scheme liabilities	3.2%	3.5%

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 estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the Scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Obligation in the Scheme

	Approximate % Increase to Employer Liability	Approximate Monetary Increase to Employer Liability (£000)
Real Discount Rate Decrease by 0.5%	10%	15,968
Longevity Increase by 1 Year	3%	4,760
0.5% Increase in Salary Increase Rate	3%	4,675
0.5% Increase in the Pension Increase Rate	7%	11,091

Scheme History

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
	£'000	£'000	£'000	£'000	£'000
Obligations:					
Present Value of Defined Benefit	(121,577)	(140,063)	(146,214)	(171,313)	(158,661)
Fair Value of Assets in the Local Government Pensions Scheme	84,334	94,160	101,793	116,640	117,182
Deficit in the Scheme	(37,243)	(45,903)	(44,421)	(54,673)	(41,479)

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £158,661,000 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 £117,182,000, resulting in a negative overall balance of £41,479,000. 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.

20 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.

	2014/2015	2015/2016
	£'000	£'000
Fees payable with regard to External Audit Services carried out by the appointed auditor for the year.	77	58
Fees payable to the appointed auditor for the certification of grant claims and returns for the year	31	17
Total	108	75

21 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 2015/2016 is shown in note 19. During 2015/2016, works and services to the value of £354,200 (£181,406 in 2014/2015) were commissioned from companies in which 14 Members (10 Members and 1 Head of Service in 2014/2015) had an interest. Contracts were entered into in full compliance with the Authority's standing orders. In addition, grants totalling £67,511 (£301,289 in 2014/2015) were made to organisations in which 16 Members had an interest (15 Members and 1 Head of Service in 2014/2015). 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). Capital and Revenue Grants received from government departments are set out in the subjective analysis in note 38, on amounts reported to decision makers. Receivables and Payables in respect of Government departments are shown in note 32 and note 34. Any transactions between the Council and Norfolk Pensions are detailed in note 19.

Freebridge Community Housing Limited

In 2006 the Council transferred its housing stock to Freebridge Community Housing. As part of the agreement the Council has 3 Members on the board of Freebridge Community Housing and owns 33% of the share in the organisation, value £1. During 2015/2016 the transactions between the Council and Freebridge Community Housing was expenditure of £77,564 (£151,543 in 2014/2015) and income of £1,109,649 (£1,015,709 in 2014/2015).

Alive Management Limited

Alive Management Limited was set up by the Council and incorporated on 9 October 2013. On 1 September 2014 the Company came into operation and the current year's transactions are detailed in the Group Accounts pages 120 to 133.

Alive Leisure Trust

From September 2014 the Trust commenced trading. There is 1 Member on the Board of Trustees. During 2015/2016 the transactions between the Council and Alive Leisure Trust was expenditure of £32,300 and income of £337,645.

Norfolk and Waveney Enterprise Services (NWES)

During 2013/2014 the Council loaned NWES £500,000 towards the construction of the new Kings Lynn Enterprise and Innovation Centre. In 2014/2015 an additional loan of £274,275 was given in respect of further construction works. A further loan of £1,725,725 was given in 2015/2016. The total loan given is £2,500,000.

22 Leases

Authority 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:

	31/03/2015	31/03/2016
	£'000	£'000
Other Land and Buildings	2,004	2,020

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 2015	31 March 2016
	£'000	£'000
Finance Lease Liabilities (Net present value of minimum lease payments):		
Current	1	1
Non- Current	160	159
Finance Costs payable in future years	263	255
Minimum Lease payments	424	415

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31/03/2015	31/03/2016	31/03/2015	31/03/2016
	£'000	£'000	£'000	£'000
Not later than one year	9	9	1	1
Later than one year and not later than five years	27	20	6	6
Later than five years	388	385	155	151
	424	414	162	158

The Authority has sub-let some of the accommodation held under these finance leases. At 31 March 2016 the minimum payments expected to be received under non-cancellable sub-leases was £288,751 (£292,401 at 31 March 2015).

The Authority has acquired printer equipment under finance leases.

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

	31/03/2015	31/03/2016
	£'000	£'000
Equipment Gross Value	386	386
Depreciation	(278)	(374)
Net Value	108	12

	31/03/2015	31/03/2016
	£'000	£'000
Finance Lease Liabilities (Net present value of minimum lease payments):		
Current	122	9
Non-current	17	8
Finance Costs payable in future years	3	0
	142	17

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	Minimum Lease Payments		Finance Lease Liabilities	
	31/03/2015	31/03/2016	31/03/2015	31/03/2016
	£'000	£'000	£'000	£'000
Not later than one year	125	10	122	9
Later than one year and not later than five years	17	10	17	8
Later than five years	0	0	0	0
	142	20	139	17

There are two printer equipment leases that expired 28/01/15 and 30/11/14, which have had a temporary extension until 28/01/17 and 30/11/16 respectively, with a three month break clause. The minimum lease payment for these leases at 31/03/16 is £4,429.

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.

	Operating Lease Payments	
	31/03/2015	31/03/2016
	£'000	£'000
Not later than one year	94	91
Later than one year and not later than five years	350	346
Later than five years	4,691	4,607
	5,135	5,044

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	
	31/03/2015	31/03/2016
	£'000	£'000
Corporate and Democratic Services	1	1
Cultural and Related Services	10	10
Highways and Transport Services	83	84
	94	95

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:

	31/03/2015	31/03/2016
	£'000	£'000
Not later than one year	15	0
	15	0

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.
- Leisure facilities to Alive Leisure Trust to fulfil their charitable aims. See Note 22 for more details.

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

	31/03/2015	31/03/2016
	£'000	£'000
Not later than one year	1,887	1,922
Later than one year and not later than five years	5,488	5,387
Later than five years	32,611	31,850
	39,986	39,159

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2015/2016 £nil contingent rents were receivable by the Council.

23 Investment Property

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

	2014/2015	2015/2016
	£'000	£'000
Rental Income from Investment Property	(1,748)	(1,739)
Direct Operating Expenses Arising from Investment Property	244	228
Direct cost of Investment Properties	(1,504)	(1,511)
Other Net Operating Costs	59	362
Net (Gain)	(1,445)	(1,149)

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:

	2014/2015	2015/2016
	£'000	£'000
Balance at Start of the Year	28,146	24,076
Net Gains / (Losses) on Revaluation	553	224
Write Out of Impairments on Revaluations	0	2
Net Gains / (Losses) from Movements in the Market Value of Investment Properties	553	226
Additions	357	281
Impairment	(3)	(281)
Disposals	0	0
Reclassifications	(4,977)	(77)
Balance at Year End	24,076	24,225

Fair Value Hierarchy

Details of the Council's investment property and information about the fair value hierarchy are as follows:

	Quoted Prices in active markets for identical assets (level 1)	Other significant observable inputs (level 2)	Significant un-observable inputs (level 3)	Fair Value as at 31/03/2016
2015/2016	£'000	£'000	£'000	£'000
Recurring Fair Value Measurements Industrial Units	0	17,876	0	17,876
Commercial Units	0	5,421	0	5,421
Land	0	337	0	337
Other	0	591	0	591
Total	0	24,225	0	24,225

There were no transfers between levels 1 and 2 during 2015-2016.

Valuation Techniques Used to Determine Fair Values for Investment Property

Significant Observable Inputs – level2

The fair value for the residential properties (at market rents) has been based on the market approach using current market conditions and recent sale prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are

Highest and Best Use of Investment Property

In estimating the fair value of the Council's investment property, the highest and best use of the assets is their current use.

Valuation Process for Investment Property

There has been no change in the valuation techniques used during the year for investment properties.

24 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 £184,357 charged to revenue in 2015/2016 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 2015/2016 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:

STATEMENT OF ACCOUNTS BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

	2014/2015			2015/2016		
	Software Licenses	Housing Nomination Rights	Total	Software Licenses	Housing Nomination Rights	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balances at start of the year						
Gross Carrying Amount	1,016	303	1,319	1,016	546	1,562
Accumulated Impairment	(31)	0	(31)	(31)	0	(31)
Accumulated Amortisation	(510)	(169)	(679)	(650)	(175)	(825)
Net Carrying Amount at Start of Year	475	134	609	335	371	706
Restated Addition from 14/15*				243	(243)	0
Restated Net Carrying at Start of the Year				578	128	706
Additions:						
Purchases	0	243	243	110	0	110
Impairment Losses Recognised in the Surplus on the Provision of Services	0	0	0	(17)	0	(17)
Amortisation for the Period	(140)	(6)	(146)	(184)	(7)	(191)
Net Carrying Amount at End of Year	335	371	706	487	121	608
Comprising:						0
Gross Carrying Amounts	1,016	546	1,562	1,369	303	1,672
Accumulated Impairment	(31)	0	(31)	(48)	0	(48)
Accumulated Amortisation	(650)	(175)	(825)	(834)	(182)	(1,016)
	335	371	706	487	121	608

*Purchases of £243,000 added to Housing Nomination Rights instead of Software licences in 2014/2015

25 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 2016	237	6,580	6,292	0	4,845	17,954
At 31 March 2015	237	6,580	6,292	0	4,845	17,954
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

Further information on Heritage Assets can be found in the accounting policies on page 107.

2015/2016						
	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	21	4,845	17,975
Revaluation Increases / (Decreases) recognised in the Revaluation Reserve	0	0	0	(21)	0	(21)
Balance at end of year	237	6,580	6,292	0	4,845	17,954
Accumulated Depreciation and Impairment						
Balance at start of year	0	0	0	(21)	0	(21)
Depreciation	0	0	0	0	0	0
Depreciation written out on Revaluation	0	0	0	21	0	21
Balance at end of year	0	0	0	0	0	0

STATEMENT OF ACCOUNTS BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

	2014/2015					
	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	21	4,845	17,975
Revaluation Increases / (Decreases) recognised in the Revaluation Reserve	0	0	0	0	0	0
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	(21)	0	(21)
Depreciation	0	0	0	0	0	0
Depreciation written out on Revaluation	0	0	0	0	0	0
Balance at end of year	0	0	0	(21)	0	(21)

26 Property, Plant and Equipment

Movements on Balances

Movements in 2015/2016	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost Valuation:						
At 1 April 2015	111,146	16,752	1,467	5,082	4,447	138,894
Additions	4,762	886	0	50	4,761	10,459
Revaluation Increases/Decreases to Revaluation Reserve	11,744	0	77	(731)	0	11,090
Revaluation Decreases to Surplus/Deficit	2,746	0	0	(4,015)	0	(1,269)
Revalued Assets- no net increase (impairment reversals)	(2,581)	0	(343)	(168)	0	(3,092)
Revalued Assets- depreciation reversals	(506)	0	0	0	0	(506)
Revalued Assets - Reversal of Loss	(1,981)	0	0	0	0	(1,981)
Derecognition - Disposals	(3,458)	(16)	0	0	0	(3,474)
Derecognition - Other	(259)	0	0	0	0	(259)
Derecognition - Other-Revaluation Reserve	(1,263)	0	0	0	0	(1,263)
Reclassification and Transfers	3,000	55	0	(2)	(3,623)	(570)
Balance as at 31 March 2016	123,350	17,677	1,201	216	5,585	148,029

STATEMENT OF ACCOUNTS BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

Movements in 2015/2016	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation and Impairment:						
At 1 April 2015	12,026	12,296	482	580	396	25,780
Depreciation Charge	1,983	1,023	38	94	0	3,138
Depreciation written out to the Revaluation Reserve	(6,548)	0	(136)	(472)	0	(7,156)
Depreciation written out to the Surplus/Deficit on the CIES	(506)	0	0	0	0	(506)
Impairment losses recognised in the Revaluation Reserve	320	0	0	(23)	0	297
Impairment reversals on revaluation	(2,581)	0	(343)	(168)	0	(3,092)
Impairment reversals from revaluation increases recognised in the CIES	(1,912)	0	0	0	0	(1,912)
Impairment losses recognised in the CIES	2,301	18	0	46	333	2,698
Derecognition - disposals	0	(16)	0	0	0	(16)
Reclassification and Transfers	(55)	55	0	0	0	0
Total Cost or Valuation at 31 March 2016	5,028	13,376	41	57	729	19,231
Net Book Value:						
At 31 March 2015	99,120	4,455	985	4,502	4,051	113,113
At 31 March 2016	118,322	4,301	1,160	159	4,856	128,798

STATEMENT OF ACCOUNTS BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

Movements in 2014/2015	Other land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Cost Valuation:						
At 1 April 2014	115,111	17,324	1,467	5,137	1,588	140,627
Additions	3,542	551	0	2	3,017	7,112
Revaluation Increases/Decreases to Revaluation Reserve	(14)	0	0	0	0	(14)
Revaluation Decreases to Surplus/Deficit	(1,282)	0	0	(5)	0	(1,287)
Revalued Assets- no net increase (impairment reversals)	(9,757)	0	0	(52)	0	(9,809)
Revalued Assets- depreciation reversals	(61)	0	0	0	0	(61)
Revalued Assets - Reversal of Loss	52	0	0	0	0	52
Derecognition - Disposals	(145)	(1,123)	0	0	(658)	(1,926)
Derecognition - Other	(450)	0	0	0	0	(450)
Reclassification and Transfers	4,150	0	0	0	500	4,650
Balance as at 31 March 2015	111,146	16,752	1,467	5,082	4,447	138,894

STATEMENT OF ACCOUNTS BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

Movements in 2014/2015	Restated Other land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation and Impairment:						
At 1 April 2014	21,954	12,175	444	535	0	35,108
Depreciation Charge	1,832	1,230	38	95	0	3,195
Depreciation written out to the Revaluation Reserve	(682)	0	0	0	0	(682)
Depreciation written out to the Surplus/Deficit on the CIES	(61)	0	0	0	0	(61)
Impairment losses recognised in the Revaluation Reserve	429	0	0	0	0	429
Impairment reversals on revaluation	(9,757)	0	0	(52)	0	(9,809)
Impairment reversals from revaluation increases recognised in the CIES	(3,058)	0	0	0	0	(3,058)
Impairment losses recognised in the CIES	1,369	14	0	2	396	1,781
Derecognition - disposals	0	(1,123)	0	0	0	(1,123)
Total Cost or Valuation at 31 March 2015	12,026	12,296	482	580	396	25,780
Net Book Value:						
At 31 March 2015	99,120	4,455	985	4,502	4,051	113,113
At 31 March 2014	93,157	5,148	1,023	4,602	1,588	105,518

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 96.

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 £'000	Vehicle, plant & equipment £'000	Infrastructure assets £'000	Community assets £'000	Assets Under Construction £'000	Total £'000
Carried at historical cost	0	17,677	0	0	0	17,677
Valued at fair value as at:						
31 March 2016	25,096	0	0	2	5,000	30,098
31 March 2015	75,204	0	978	0	585	76,767
31 March 2014	15,152	0	74	38	0	15,264
31 March 2013	3,615	0	29	44	0	3,688
31 March 2012	4,282	0	120	133	0	4,535
Gross Book Value	123,349	17,677	1,201	217	5,585	148,029

27 Capital: Expenditure, Financing and Commitments

Capital 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.

	2014/2015	2015/2016
	£'000	£'000
Opening Capital Financing Requirement	14,783	18,590
Capital Investment:		
Property, plant and equipment	7,112	10,459
Investment Properties	357	281
Intangible assets	243	110
Revenue expenditure funded from Capital under Statute (Net)	163	1,439
Sources of Finance:		
Capital Receipts	(606)	(6,455)
Government grants and other contributions	(419)	(2,493)
Sums set aside from revenue:		
- Direct revenue contributions	(1,965)	(2,775)
- Revenue contributions for prudential borrowing schemes	(753)	(863)
- MRP	(325)	(306)
Closing Capital Financing Requirement	18,590	17,987
Explanation of movements in year:		
Increase in underlying need to borrowing (unsupported by Government Financial Assistance)	3,806	(603)
Increase/(Decrease) in Capital Financing Requirement	3,806	(603)

Capital Commitments

The Authority has an approved Capital Programme for the period 2016/2020 of £101,174,000. At 31 March 2016 the Authority has entered into a number of contracts and the major commitments are:

	Commitment Contractual 31 March 2016	Commitment Non- Contractual 31 March 2016
	£'000	£'000
Car Parks	595	0
Civic Buildings	799	72
Community Grants	30	0
Conservation	150	191
Crematoriums & Cemeteries	30	205
Disability Discrimination Act	19	0
Environmental Monitoring	43	0
Industrial Estates Refurbishment	333	3
Infrastructure	351	0
ICT Development	575	33
Leisure & Arts	1,774	2
Major Housing Development	52,384	0
Offices	174	69
Other	40	0
Parks & Open Spaces	257	0
Private Sector Housing/Energy Efficiency	4,955	326
Public Conveniences	54	0
Refuse & Recycling	149	3
Regeneration Schemes	9,566	26,282
Resort Services	34	0
Sewage Treatment Works/Bawsey Drain	299	1
Street Lighting	30	0
Vehicles & Equipment	1,344	2
Total	73,985	27,189

28 Assets Held for Sale

	2014/2015	2015/2016
	£'000	£'000
Balance at Start of the Year	386	654
Assets newly classified as Held for Sale	0	751
Reclassified in Year	328	(104)
Assets sold	(60)	(210)
Balance at End of Year	654	1,091

29 Short Term Receivables

	31 March 2015	31 March 2016
	£'000	£'000
Central Government bodies	397	1,903
Local Authorities	1,650	2,067
European Funding	258	0
NHS Bodies	111	186
Other entities and individuals	8,620	8,308
Sub Total	11,036	12,464
Allowance for doubtful debt (other entities and individuals)	(1,923)	(2,635)
Total	9,113	9,829

30 Long Term Receivables

	31 March 2015	31 March 2016
	£'000	£'000
Other entities and individuals	2,412	4,185
Finance Lease	152	138
Sub Total	2,564	4,323
Allowance for doubtful debt (other entities and individuals)	(26)	(26)
Total	2,538	4,297

31 Short Term Payables

	31 March 2015	31 March 2016
	£'000	£'000
Central Government bodies	(5,437)	(2,619)
Local Authorities	(2,197)	(2,819)
NHS Bodies	(30)	(55)
Other entities and individuals	(5,861)	(5,781)
Total	(13,525)	(11,274)

32 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.

At 31 March 2016, the Authority had two material contingent liabilities:

A contract charge dispute arose for £273k relating to trade refuse collections between 1 April 2013 and 31 March 2016. The options available to bring this to a conclusion are being explored by the Council and its external advisors. Currently it is unclear when the claim is likely to be settled.

During January and February 2016, NHS Trusts wrote to local authorities countrywide claiming charitable status and requesting mandatory relief from business rates under s.43(5) and (6) of the Local Government Act 1988, the request being backdated to 2010. If granted this would lead to a backdated payment by Borough Council of King's Lynn and West Norfolk and ongoing reduced business rates going forward as well as impacting the Norfolk business rates pool.

Counsel advice obtained on behalf of the NHS Trusts is that they are charities. The LGA (the representative body for Local Authorities) has sought legal advice from Counsel, on the affected council's behalf, on the applications for mandatory relief from business rates, issued on behalf of NHS trusts. Counsel advice to the LGA is that NHS Trusts and Foundation Trusts are not charities, and that the applications for rate relief are therefore unfounded.

33 Provisions

	Business Rates Appeals Provision	
	2014/2015	2015/2016
Balance at the 1 April	3,441	3,753
Additional provisions made in year	312	0
Revaluation to Provision in year	0	(920)
Balance at the 31 March	3,753	2,833

Due to the new arrangements for NNDR, 2013/2014 was the first year where the Council was required to calculate a provision for NNDR appeals.

The total provision applied for NNDR based on appeals lodged as at 31 March 2016 is £7.1 m (£9.4m 31 March 2015). The above table reflects the Council's 40% share of the provision at the value of £2.8m (£3.8m 2014/2015).

34 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015/2016:

2014/2015		2015/2016
Grant Applied		Grant Applied
£'000		£'000
	Taxation and Specific Government Grant Income:	
(5,575)	Revenue support grant	(3,913)
(65)	Council Tax freeze	(66)
(2,369)	New Homes Bonus	(2,919)
(11)	Sparsity Areas Grant	0
(8,020)	Total	(6,898)
	Other Revenue Grant Income:	
(318)	Amiens European Union Grant	0
(218)	Business Rates cost of collection - DCLG	(220)
(40,440)	Department for Works and Pensions - Housing Benefit Unit	(40,213)
0	DWP - Discretionary Housing Payments	(180)
(133)	Developer Contributions	(72)
(604)	Disabled Facilities -Better Care Fund	(759)
(221)	Environment Agency - DEFRA	(16)
(170)	Homelessness Prevention - DCLG	(369)
(192)	Local Council Tax Support Administration - DCLG	(168)
(782)	Policy and Partnerships - NCC	(395)
0	Neighbourhood Planning Grant -DCLG	(105)
(1,166)	Section 31 Small Business Relief Grant	(349)
(108)	West Norfolk Insulation Scheme -NCC	0
(162)	Youth Advisory Board - NCC	(68)
(555)	Other Grants	(639)
(53,089)	Total	(50,451)

Grant Income Table continued (Capital):

2014/2015		2015/2016
Grant Applied		Grant Applied
£'000		£'000
	Credited to Services (Capital):	
	Grants:	
(260)	Heritage Lottery Fund	(1,455)
(38)	Norfolk County Council	(534)
	Contributions	
(2)	Freebridge Community Housing	(2)
0	North Norfolk District Council	(27)
0	Anglian Water	(9)
(135)	Sport England Funding	(8)
0	College of West Anglia	(60)
0	Local Enterprise Partnership	(500)
0	Norfolk Lawn Tennis Association	(15)
0	Roger Partridge	(2)
0	Nissan	(50)
0	OLEV (Government Office for Low Emission Vehicles)	(149)
(12)	Princess Theatre	0
(3)	Housing Joint Venture	0
(5)	Norfolk Pride Developments Ltd	(2)
(455)	Total	(2,813)

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 unless those conditions will be met. The balances at the year end are as follows:

31 March 2015		31 March 2016
£'000		£'000
	Grants Receipts in Advance:	
	Capital Grants / Contributions	
(11)	NORA, Hardings Pits	(11)
(1,133)	Section 106 Agreements	(384)
(1,144)	Total Unapplied Grants with conditions	(395)

35 Financial Instruments

Categories of Financial Instruments

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

	Long Term		Short Term	
	31 March 2015	31 March 2016	31 March 2015	31 March 2016
	£'000	£'000	£'000	£'000
Investments				
Loans and receivables	6,044	7,530	14,343	18,229
Cash and Cash Equivalents				
Loans and receivables	0	0	6,810	1,484
Receivables				
Loans and receivables	2,538	4,298	7,817	7,997
Total Assets	8,582	11,828	28,970	27,710
Borrowings				
Financial Liabilities at Amortised cost	13,400	13,200	140	4,187
Payables				
Financial Liabilities at Amortised cost	1,144	395	8,351	7,112
Total Liabilities	14,544	13,595	8,491	11,299

Total 'Receivables' and 'Payables' included within the Financial Instruments note are 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 are included within the notes relating to leases.

Income, Expense, Gains and Losses

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 2016 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.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 0 – carrying value of assets held at amortised cost, therefore considered to be a close approximation of fair value
- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments.
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

The fair values calculated are as follows:

	31 March 2015		31 March 2016		Fair Level Value
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	
	£'000	£'000	£'000	£'000	
Financial liabilities at amortised cost - current	8,491	8,491	11,299	11,299	0
Long Term Borrowing	13,400	14,990	13,200	15,389	0
Unapplied grants	1,144	1,144	395	395	2
Total	23,035	24,625	24,894	27,083	

	31 March 2015		31 March 2016		Fair Level Value
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	
	£'000	£'000	£'000	£'000	
Loans and Receivables - Current	28,970	28,970	27,710	27,710	0
Long Term Investments	6,044	6,017	7,530	7,597	1
Long Term Debtors	2,538	2,538	4,298	4,298	0
Total	37,552	37,525	39,538	39,605	

STATEMENT OF ACCOUNTS BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

	31 March 2015		31 March 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Loans and Receivables - current	28,970	28,970	27,710	27,710
Long Term investments	6,044	6,017	7,530	7,597
Long Term receivables	2,538	2,538	4,298	4,298
Total	37,552	37,525	39,538	39,605

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

The fair value of Public Works Loan Board (PWLB) loans of £737,093 measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed as the PWLB redemption interest rates. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB Certainty interest rates. A supplementary measure of the fair value as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available, from the PWLB. If a value is calculated on this basis, the carrying amount of £700,952 (including accrued interest) would be valued at £723,952. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge, based on the redemption interest rates, for early redemption of £36,141 for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £700,000 principal, £952 accrued interest and the penalty of £36,141, making the total cost of redemption £737,093.

36 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 2016, 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.

	2014/2015			2015/2016		
	Debt Outstanding	Allowance in Accounts	Net Liability	Debt Outstanding	Allowance in Accounts	Net Liability
	£'000	£'000	£'000	£'000	£'000	£'000
0 to 3 months	1,329	(24)	1,305	1,007	(9)	998
4 to 6 months	53	(8)	45	67	(10)	57
7 to 12 months	153	(30)	123	461	(92)	369
Over one year	547	(274)	273	667	(334)	333
Total	2,082	(336)	1,746	2,202	(445)	1,757

* This table excludes the allowance for Council Tax, NNDR and Housing Benefits.

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 2015	31 March 2016
	£'000	£'000
Less than one year	211	4,256
Between one and two years	69	70
Between two and five years	2,714	3,411
More than five years	11,297	10,330
Total	14,291	18,067

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

Market Risk

Interest 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 2016, 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 2016
	£'000
Increase in interest payable on Variable Rate borrowings	1
Increase in interest receivable on Variable Rate investments	(208)
Impact on surplus on the Provision of Services	(207)
Decrease in fair value of Fixed Rate Investment Assets	111
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)	2,739

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 Office of the Police and Crime Commissioner for Norfolk (OPCCN) and Norfolk County Council.

In 2013/2014, 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% , 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.

STATEMENT OF ACCOUNTS BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

NNDR 2014/2015 £'000	Council Tax 2014/2015 £'000	Total 2014/2015 £'000		NNDR 2015/2016 £'000	Council Tax 2015/2016 £'000	Total 2015/2016 £'000
			Income			
(42,310)	0	(42,310)	Non-domestic ratepayers	44,577	0	44,577
0	(72,419)	(72,419)	Council Tax	0	73,808	73,808
(42,310)	(72,419)	(114,729)	Total Income	44,577	73,808	118,385
			Expenditure			
			<u>Apportionment of Previous Year Surplus</u>			
(127)	0	(127)	Central Government	1,234	0	1,234
(102)	278	176	Borough Council of King's Lynn & West Norfolk	987	223	1,210
(25)	2,055	2,030	Norfolk County Council	247	1,611	1,858
0	353	353	OPCCN	0	282	282
			<u>Precepts, Demands and Shares</u>			
19,882	0	19,882	Central Government	21,330	0	21,330
15,906	5,238	21,144	Borough Council King's Lynn & West Norfolk	17,064	5,295	22,359
3,976	53,566	57,542	Norfolk County Council	4,266	54,142	58,408
0	9,578	9,578	OPCCN	0	9,873	9,873
0	2,286	2,286	Parish/Special Expenses	0	2,376	2,376
			<u>Charges to Collection Fund</u>			
218	0	218	Cost of Collection Allowance	220	0	220
776	0	776	Non-Domestic Rates Provision for Appeals	(2,299)	0	(2,299)
106	(81)	25	Bad Debt Provisions	(135)	118	(17)
335	356	691	Write-offs of uncollectable amounts	408	264	672
40,945	73,629	114,574	Total Expenditure	43,322	74,184	117,506
1,365	(1,210)	155	(Deficit)/Surplus arising during the year	1,255	(376)	879
(5,261)	2,116	(3,145)	(Deficit)/Surplus brought forward 1st April	(3,896)	906	(2,990)
(3,896)	906	(2,990)	(Deficit)/Surplus carried forward 31 March	(2,641)	530	(2,111)

General

These accounts represent the transactions of the Collection Fund, which is a 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 2013/2014, 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 2015/2016 were estimated before the start of the financial year as £22.6m to Central Government, £4.5m to Norfolk County Council and £18.1m to the Borough Council of King's Lynn and West Norfolk. These sums have been paid in 2015/16 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 2015/2016 to the value of £11.7m.

Additional growth above the agreed baseline is split 50% between the Council and either Central Government or a Business rates pool. In 2015/2016 the Borough Council of King's Lynn and West Norfolk was part of a Business rates pool with other Norfolk Councils (lead by Norfolk County Council) and paid a levy of £1.5m.

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 2016. 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 2015/2016 has been calculated at £7.1m.

For 2015/2016, the total non-domestic rateable value at the year-end is £111.2m (£110.1m in 2014/2015). The national multipliers for 2015/16 were 48.0p for qualifying Small Businesses, and the standard multiplier being 49.3p for all other businesses (47.1p and 48.2p respectively in 2014/2015).

	2014/2015	2015/2016
	£'000	£'000
Gross non-domestic rates payable	49,916	53,159
Less Allowances and other adjustments	(7,606)	(7,845)
Net Contribution to NNDR pool	42,310	45,314

Non-Domestic Rates Appeals Provision

	2014/2015	2015/2016
	£'000	£'000
In Year Appeals		
Balance at 1 April	2,868	1,788
Adjustment in year	(1,080)	77
Balance at 31 March	1,788	1,865
Back Dated Appeals		
Balance at 1 April	5,736	7,593
Adjustment in year	1,857	(2,375)
Balance at 31 March	7,593	5,218
NNDR Appeals Provision	9,381	7,083

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.

*Entitled to a disabled relief reduction

The Authority set a precept of £5,294,390 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 £495,350 and parish precepts totalling £1,880,850 were levied, averaging £50.25 for a Band D property. Norfolk County Council set a precept of £54,143,490 representing a Band D charge of £1,145.07 and Norfolk Police Authority set a precept of £9,872,899 representing a Band D charge of £208.80. Reductions are made, in accordance with Government guidance, for persons on lower incomes.

Valuation Band	Range of values at 1 April 1991	Total Dwellings	Number of Chargeable Dwellings	Dwellings after Discounts & Exemptions	Ratio to Band D	Band D Equivalent
A*	*		65	61	5/9	34
A	Up to £40,000	23835	22,673	20,099	6/9	13,399
B	£40,001-£52,000	17068	16,678	15,273	7/9	11,879
C	£52,001-£68,000	13232	12,900	11,995	8/9	10,663
D	£68,001-£88,000	9172	8,906	8,386	9/9	8,386
E	£88,001-£120,000	4635	4,451	4,234	11/9	5,175
F	£120,001-£160,000	2360	2,296	2,178	13/9	3,145
G	£160,001-£320,000	1010	968	919	15/9	1,531
H	More than £320,000	105	92	88	18/9	177
Band D Equivalents						54,388

Share of Balance

The balance of the Collection Fund at 31 March 2016 stands at £2.1m Deficit (2014/2015 £2.9m Deficit). This amount is shared as follows:

Council Tax	NNDR	Total		Council Tax	NNDR	Total
2014/2015				2015/2016		
£'000	£'000	£'000		£'000	£'000	£'000
96	(1,558)	(1,462)	Borough Council	57	(1,056)	(999)
690	(390)	300	Norfolk County Council	399	(264)	135
120	0	120	OPCCN	74	0	74
0	(1,948)	(1,948)	Central Government	0	(1,321)	(1,321)
906	(3,896)	(2,990)		530	(2,641)	(2,111)

Accounting Policies

General Principles

The Statement of Accounts summarises the Authority's transactions for the 2015/2016 financial year and its position at the year end of 31 March 2016. The Authority is required to prepare an annual Statement of Accounts under the Accounts and Audit (England) Regulations 2015, preparing them in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/2016 and the Service Reporting Code of Practice 2015/2016 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 Allowance

General Fund

	%
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 following percentages determine the level of Bad Debt Allowance:

The level of allowance specifically for housing benefits bad debts was reviewed in 2015/2016, so that for bad debts in excess of 12 months there is now 100% cover and 44% cover for amounts less than 12 months.

Collection Fund

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

Council Tax

Prior Years	(2010/2011)	100.0%
	(2011/2012)	70.0%
	(2012/2013)	50.0%
	(2013/2014)	10.0%
Previous Year	(2014/2015)	1.5%

Council Tax – Costs Outstanding

Prior Years	(2011/2012)	90.0%
	(2012/2013)	75.0%
	(2013/2014)	50.0%
Previous Year	(2014/2015)	20.0%

NNDR

Prior Years	(2012/2013)	100.0%
	(2013/2014)	50.0%
Previous Year	(2014/2015)	33.0%

Accounting Policy – Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement, in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made) the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim) it is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

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 2015/2016. (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 appropriate service or, where applicable 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 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 pensions liability is analysed into the following components:

- Service cost comprising:
 - 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 as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
 - net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- Remeasurements comprising:
 - the return on plan assets – excluding amounts included in the net interest on the net defined benefit liability (asset) charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - 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 - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Norfolk Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits 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. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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 were 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 were revalued in 2015/2016. These buildings are considered to be National Treasures and as a result are incapable of being valued. They are therefore recorded at nil valuation in the Council's accounts.
- 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 its 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 Hardecnut	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) 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 2015/2016 (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, assets under construction 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.

Revaluations

The Council carries out a rolling programme that ensures that all its property, plant and equipment required to be measured at fair value is revalued at least every five years. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in professional standards of the Royal Institution of Chartered Surveyors.

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

Fair Value:	Land and buildings and investment properties.
Depreciated Historical Cost:	Vehicles, plant and equipment, infrastructure and intangibles.
Historic Cost:	Community Assets, assets under construction and assets held for sale.

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 then 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 and NNDR income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax and Business Rate 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.

Interests in Companies and Other Entities

The Authority has material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. In the Authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

Group Arrangements and Accounts

1 Introduction

The Code of Practice requires local authorities with interests in subsidiaries, associates and/or joint ventures to prepare group accounts in addition to their own single entity financial statements, unless their interest is not considered material.

The Council is involved with a number of companies and organisations whose assets and liabilities are not included in the Council's single entity statements. In these cases the Council's interest does not extend to a relationship that could be classified as a subsidiary, associate or joint venture. None of these companies are included in the group accounts. For further information on these Joint Arrangements please see page 36 note 15.

The Council does have interests in two companies that are classified as a subsidiary and an associate, all of which have been considered for consolidation. Only one of these, Alive Management Ltd is considered to be material to the financial statements. Details of the companies considered for consolidation are shown below.

The Group Accounts contain the core statements similar in presentation to the Council's single entity accounts but consolidating the figures of the Council with Alive Management Ltd.

The following pages include:

- Group Movement in Reserves Statement
- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Cash Flow Statement
- Notes to the Group Accounts

Basis of Identification of the Group Boundary

In its preparation of these Group Accounts, the Council has considered its relationship with the entities that fall into the following categories:

- Subsidiaries – where the Council exercises control and gains benefits or has exposures to risks arising from this control. These entities are included in the group.
- Associates – where the Council exercises a significant influence and has a participating interest. No material entities meet these criteria to be included in the group.
- Jointly Controlled Entities - where the Council exercises joint control with one or more organisations. No entities identified to be included in the group.
- No Group Relationship – where the body is not an entity in its own right or the Council has an insufficient interest in the entity to justify inclusion in the group financial statements. These entities are not included in the group.

In accordance with this requirement, the Council has determined its Group relationships as follows:

Alive Management Ltd	Subsidiary	Consolidated
CNC Consultancy Services Ltd	Associate	Not Material

2 Subsidiaries

Alive Management Ltd

The company was formed on 9 October 2013 and its principal activity is that of a sports facilities operation company. The Company commenced trading on 1 September 2014.

Alive Management Ltd

The Borough Council of King's Lynn and West Norfolk holds 100% of the allotted ordinary shares in Alive Management Ltd. The Company's accounting period for 2015-2016 is from 1 April 2015 to 31 March 2016. The final accounts of the Company for the period ended 31 March 2016 have been audited by Ensors Accountants LLP. Copies of the accounts may be obtained from Companies House or by request to the Council.

The results of Alive Management Ltd to 31 March 2016 are shown in the table below:

	Budget as per March Monitoring	Actual to March 2016	Variance
	£'000	£'000	£'000
Operational	2,656	2,585	(71)
Catering	(85)	(106)	(21)
Maintenance	596	511	(85)
Total	3,167	2,990	(177)

CNC Consultancy Services Ltd (CNC)

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 2015/2016. Draft accounts may be obtained from C.N.C. Consultancy Services Limited, South Norfolk House, Cygnet Court, Long Stratton, Norfolk, NR15 2XE.

Basis of Consolidation – Group Accounts

The Group Accounts have been prepared using the group accounts requirements of the Code. Companies or other reporting entities that are under the ultimate control of the Council have been included in the Council's group accounts to the extent that they are material to users of the financial statements in relation to their ability to see the complete economic activities of the Council and its exposure to risk through interests in other entities and participation in their activities.

The Subsidiary has been consolidated on a line by line basis, subject to the elimination of intra-group transactions from the statements, in accordance with the Code.

The subsidiary undertaking has the same accounting year end to the Council's.

Group Movement in Reserves Statement

	Council's Usable Reserves 2015/2016	Subsidiary Usable Reserves 2015/2016	Total Group Usable Reserves 2015/2016	Council's Unusable Reserves 2015/2016	Subsidiary Unusable Reserves 2015/2016	Total Group Unusable Reserves 2015/2016	Total Group Reserves 2015/2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2015	(26,127)	(1)	(26,128)	(82,433)	0	(82,433)	(108,561)
Movement in Reserves during 2015/16							
Group Surplus/(Deficit)	2,627	(13)	2,614	0	0	0	2,614
Other Comprehensive Income and Expenditure	0	0	0	(34,627)		(34,627)	(34,627)
Total Comprehensive Income and Expenditure	2,627	(13)	2,614	(34,627)	0	(34,627)	(32,013)
Adjustments between Group Accounts and Council Accounts*	0	0	0	0	0	0	0
Adjustments between accounting basis & funding basis under regulations	(3,944)	0	(3,944)	3,944	0	3,944	0
Increase/(Decrease) in Year	(1,317)	(13)	(1,330)	(30,683)	0	(30,683)	(32,013)
Balance at 31 March 2016	(27,444)	(14)	(27,458)	(113,116)	0	(113,116)	(140,574)

STATEMENT OF ACCOUNTS BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

	Council's Usable Reserves	Subsidiary Usable Reserves	Total Group Usable Reserves	Council's Unusable Reserves	Subsidiary Unusable Reserves	Total Group Unusable Reserves	Total Group Reserves
	2014/2015	2014/2015	2014/2015	2014/2015	2014/2015	2014/2015	2014/2015
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2014	(25,415)	0	(25,415)	(92,293)	0	(92,293)	(117,708)
Movement in Reserves during 2014/15							
Group Surplus/(Deficit)	(1,207)	(1)	(1,208)	0	0	0	(1,208)
Other Comprehensive Income and Expenditure	0	0	0	10,355	0	10,355	10,355
Total Comprehensive Income and Expenditure	(1,207)	(1)	(1,208)	10,355	0	10,355	9,147
Adjustments between Group Accounts and Council Accounts*	0	0	0	0	0	0	0
Adjustments between accounting basis & funding basis under regulations	495	0	495	(495)	0	(495)	0
Increase/(Decrease) in Year	(712)	(1)	(713)	9,860	0	9,860	9,147
Balance at 31 March 2015	(26,127)	(1)	(26,128)	(82,433)	0	(82,433)	(108,561)

Group Comprehensive Income and Expenditure Statement

2014/2015				2015/2016		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
2,548	(1,395)	1,153	Central Service to the Public	3,334	(1,648)	1,686
2,339	(120)	2,219	Corporate and Democratic core	3,846	(27)	3,819
9,292	(4,024)	5,268	Cultural and Related Services	8,736	(3,442)	5,294
11,013	(6,094)	4,919	Environmental Services	11,126	(5,602)	5,524
3,921	(2,141)	1,780	Planning and Development Service	5,722	(2,716)	3,006
45,872	(43,256)	2,616	Housing General Fund	45,578	(42,922)	2,656
3,434	(4,930)	(1,496)	Highways and Transport Services	3,421	(5,125)	(1,704)
87	0	87	Non-distributed costs	65	0	65
78,506	(61,960)	16,546	Cost of Services	81,828	(61,482)	20,346
		4,030	Other Operating Expenditure			4,155
		111	Financing and Investment Income and Expenditure			512
		(21,895)	Taxation and Non-specific Grant Income and Expenditure			(22,399)
		(1,208)	(Surplus)/Deficit on Provision of Services			2,614
		(239)	(Surplus)/Deficit on revaluation of Non-current assets			(17,950)
		10,594	Actuarial (gains)/losses on pensions assets/liabilities			(16,677)
		10,355	Other Comprehensive Income and Expenditure			(34,627)
		9,147	Total Comprehensive Income and Expenditure			(32,013)

Group Balance Sheet

31 March 2015	Note		31 March 2016
£'000			£'000
131,774		Property, Plant, Equipment, Heritage Assets and Intangible Assets	147,360
24,076		Investment Property	24,225
6,044		Long Term Investments	7,530
2,538		Long Term Receivables	4,297
164,432		Long Term Assets	183,412
14,343		Short Term Investments	18,229
110		Inventories	108
9,877	3	Short Term Receivables	10,260
6,814	4	Cash and Cash Equivalents	1,571
654		Assets Held for Sale	1,091
31,798		Current Assets	31,259
(3,753)		Provisions	(2,833)
(140)		Short Term Borrowing	(4,187)
(14,315)	5	Short Term Payables	(11,801)
(18,208)		Current Liabilities	(18,821)
(1,144)		Grants Receipts in Advance	(395)
(13,400)		Long Term Borrowing	(13,200)
(244)		Other Long Term Liabilities	(202)
(54,673)	6	Pension Liabilities	(41,479)
(69,461)		Long Term Liabilities	(55,276)
108,561		Net Assets	140,574
(26,128)	7	Usable Reserves	(27,458)
(82,433)		Unusable Reserves	(113,116)
(108,561)		Total Reserves	(140,574)

Group Cash Flow Statement

2014/2015	Note		2015/2016
£'000			£'000
1,208		Net Surplus on the provision of services	(2,614)
5,130		Adjust Net surplus on the Provision of Services for Non Cash Movements	19,208
(3,373)		Adjust for Items included in the Net surplus on the Provision of Services that are Investing and Financing Activities	(8,296)
2,965		Net Cash flows from Operating Activities	8,298
(5,382)		Investing Activities	(12,005)
(2,329)		Financing Activities	(1,532)
(4,746)		Net (Increase) or decrease in Cash and Cash Equivalents	(5,239)
11,560		Cash and Cash Equivalents at the Beginning of the Reporting Period	6,810
0		Cash and Cash Equivalents at the End of the Reporting Period	1,571
6,814	4	Cash and Cash Equivalents at the End of the Reporting Period	1,571

Notes to the Group Accounts

1. Accounting Policies

1.1 General Principles

The Accounting policies of the Group are the same as those applied to the Council's single entity accounts except for the following policies which are specific to the Group Accounts.

1.2 Tax Expense

The tax expense represents the sum of the tax currently payable and deferred tax not recognised in other comprehensive income or directly in equity.

The tax payable in respect of the year is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantially enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases, used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition of other assets and liabilities (other than in a business combination) in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date.

Deferred tax is calculated, without discounting, based on the laws enacted or substantially enacted by the reporting date and at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

2 Tax Expenses of Group Entities

The taxation figure included in the Group Comprehensive Income and Expenditure Statement represents:

2014/2015		2015/2016
£'000		£'000
0.1	Tax in respect of the current year	5.6
0.1	Total Taxation Expenses	5.6

3. Short Term Receivables

31 March 2015		31 March 2016
£'000		£'000
397	Central Government bodies	1,903
1,650	Local Authorities	2,067
258	European Funding	0
111	NHS Bodies	186
9,384	Other entities and individuals	8,739
11,800	Sub Total	12,895
(1,923)	Allowance for doubtful debt (other entities and individuals)	(2,635)
9,877	Total	10,260

4. Cash and Cash Equivalents

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

31 March 2015		31 March 2016
£'000		£'000
960	Single Entity Cash and Bank balances	1,184
4	Subsidiary cash and bank balances	87
5,850	Short term deposits with the Money Market	300
6,814	Total Group Cash and Cash Equivalents	1,571

5. Short Term Payables

The table provides details of creditors included in current liabilities on the balance sheet.

31 March 2015		31 March 2016
£'000		£'000
(5,437)	Central Government bodies	(2,619)
(2,197)	Local Authorities	(2,819)
(30)	NHS Bodies	(55)
(6,651)	Other entities and individuals	(6,308)
(14,315)	Total	(11,801)

6. Defined Contribution Pension Schemes

Alive Management Ltd is a participating employer in the Norfolk Pension Fund.

Borough Council of King's Lynn and West Norfolk employees who transferred to Alive Management Ltd on the 1st September 2014 were already part of the Local Government Pension Scheme. The Local Government Pension Scheme is funded by contributions from employee and employer. Members of the Local Government Pension Scheme may also contribute added years to that scheme or take out an Additional Voluntary Contribution scheme, each of which is funded by the employee alone. New Alive Management Ltd employees who are not in the Local Government Pension Scheme are automatically enrolled into the Local Government Pension Scheme unless they have exercised their right to opt out of scheme membership.

Alive Management Ltd Pension Scheme is accounted for as a defined contribution scheme. The Norfolk County Pension Scheme provides that in the event that a single employer has individuals contributing to the scheme then any remaining liability for benefits payable under the scheme falls on that employer. Since the main participating employers are statutory bodies its highly improbable that such a liability will ever fall to Alive Management Ltd. As per the pension fund pooling agreement put in place to stabilise future pension contributions from the trust, all such liabilities would fall to Borough Council of King's Lynn and West Norfolk.

The employer's contributions rate was 14% of pensionable pay and employee's contribution of:

Band	Pensionable pay range 2015/16	Main section contribution rate
1	£0 to £13,600	5.50%
2	£13,601 to £21,200	5.80%
3	£21,201 to £34,400	6.50%
4	£34,401 to £43,500	6.80%
5	£43,501 to £60,700	8.50%
6	£60,701 to £86,000	9.90%
7	£86,001 to £101,200	10.50%
8	£101,201 to £151,800	11.40%
9	£151,801 or more	12.50%

The contribution rate was reviewed at the scheme's last valuation date, 31 March 2014.

7. Reserves

Movements on the Group reserves are detailed in the Group Movement in Reserve Statement on page 123. The reserves of the subsidiary include:

2014/2015	Usable Reserves	2015/2016
£'000		£'000
0.1	Retained Share Capital	0.1
0.5	Retained Profit for the year	13.3
0.6	Total Usable Reserves	13.4
0.0	Unusable Reserves	0.0
0.0	Total Unusable Reserves	0.0
0.6	TOTAL RESERVES	13.4

Chief Executive

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Borough Council of
**King's Lynn &
West Norfolk**

