



Statement of Accounts

2013/14



CONTENTS

	Page
Explanatory Foreword by the Chief Finance Officer	3
Statement of Responsibilities	16
Movement in Reserves Statement	17
Comprehensive Income and Expenditure Statement	19
Balance Sheet	20
Cash Flow Statement	21
Note 1: Accounting policies	22
Note 2: Accounting standards that have been issued but have not yet been adopted	34
Note 3: Critical judgements in applying accounting policies	35
Note 4: Assumptions made about the future and other major sources of estimation uncertainty	35
Note 5: Comprehensive Income and Expenditure Statement - material items of income and expense	37
Note 6: Events after the Balance Sheet date	37
Note 7: MIRS - adjustments between accounting basis and funding basis under regulations	37
Note 8: MIRS - transfers to/from Earmarked Reserves	43
Note 9: Comprehensive Income and Expenditure Statement – other operating expenditure	45
Note 10: Comprehensive Income and Expenditure Statement – financing and investment income	45
Note 11: Comprehensive Income and Expenditure Statement – taxation and non specific grants	45
Note 12: Property, plant and equipment	46
Note 13: Heritage assets	50
Note 14: Intangible assets	50
Note 15: Financial instruments	51
Note 16: Inventories	53
Note 17: Debtors	53
Note 18: Assets held for sale	53
Note 19: Creditors	54
Note 20: Provisions	54
Note 21: Grant income	55
Note 22: Unusable Reserves	55
Note 23: Amounts reported for resource allocation decisions (segmental reporting)	59
Note 24: Agency services	63
Note 25: Trading operations	63
Note 26: Members' allowances	63
Note 27: External Audit costs	63
Note 28: Related parties	64
Note 29: Officers' remuneration and exit packages	65
Note 30: Capital expenditure and capital financing	68
Note 31: Leases	69
Note 32: Impairment losses	71
Note 33: Pensions	71
Note 34: Contingent liabilities	76
Note 35: Contingent assets	76
Note 36: Nature and extent of risks arising from financial instruments	76
Note 37: Interests in companies and other entities	78
Note 38: Interest and investment income	80
Note 39: Long term investments	80
Note 40: Long term debtors	80

CONTENTS

Collection Fund Income and Expenditure Account	81
Notes to the Collection Fund	82
Independent Auditor's Report to the Members of Suffolk Coastal District Council	84
Glossary of Financial Terms	87

1. Introduction

This foreword is not formally part of the Statement of Accounts but has been written to provide a better understanding of the significant matters reported in these accounts. The Council's accounts for the year ended 31st March 2014 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). In England and Wales, the local authority Code constitutes "proper accounting practice" under the terms of section 21(2) of the Local Government Act 2003. The Accounts are set out in the pages following this Explanatory Foreword.

The Council's Statement of Accounts consists of:

Core Statements:

- **Movement in Reserves Statement** – this statement (with corresponding balances shown for 2012/13) shows the movement in the year on the different reserves held by the Council analysed in to "usable reserves" (i.e. those that can be applied to fund expenditure or reduce local taxation) and other (unusable) reserves.
- **Comprehensive Income and Expenditure Statement** – a summary of the resources generated and consumed by the Council in the year in a format compliant with CIPFA's Code of Practice, International Financial Reporting Standards (IFRS), UK Generally Accepted Accounting Principles (UK GAAP) and Service Reporting Code of Practice for Local Authorities.
- **Balance Sheet** – shows the Council's balances and reserves and long-term indebtedness at the financial year end, and the fixed and net current assets employed in its operations, together with summarised information on the non current assets held.
- **Cash Flow Statement** – shows the changes in cash and cash equivalents arising from transactions with third parties for revenue and capital purposes.

Supplementary Statements:

- **Collection Fund Income and Expenditure Account** – reflects the statutory requirement for Suffolk Coastal District Council as a billing authority to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Non-Domestic Rates (NDR) and Council Tax, and illustrates the way in which these have been distributed to Central Government, Suffolk County Council, the Office of the Police and Crime Commissioner for Suffolk and to the Council's General Fund.
- **Statement of Responsibilities for the Statement of Accounts** - This outlines the responsibilities of the Council and the Chief Finance Officer, with respect to the Statement of Accounts.
- **Group Accounts** – It has been determined that the Council must complete Group Accounts because of its Associate relationship with Suffolk Coastal Services Limited. Details are set out in Note 37 to the Core Financial Statements (Interests in Companies).

These accounts are supported by Accounting Policies (Note 1 to the Core Financial Statements) on which the Council has based the Statements, and by various further notes to the core financial statements, providing additional information in support of the main financial statements.

2. Changes to the Statement of Accounts

There has been one area of change to the Statement of Accounts for 2013/14 in relation to the separate disclosure of Non Domestic Rates within the Collection Fund. From 1st April 2013, the new Business Rates Retention Scheme came in to force, which stopped 100% of Non Domestic Rates being passed over to Central Government by Billing Authorities, who in turn received a redistribution grant.

The new scheme required the Council as Billing Authority to estimate by 31st January 2013, Non Domestic Rates to be collected in 2013/14 and during the financial year pay over 50% of this sum to Central Government, 10% of this sum to Suffolk County Council and retain 40% for the Council's use.

From the Council's 40% share, a tariff payment is required to be made to Suffolk County Council. At the year-end, the Council is also required to calculate a levy payment. In order to reduce the amounts paid to Government (levy), in 2013/14 all Suffolk Councils entered a pooling arrangement which will allow them to retain a larger proportion of their share of growth by reducing their individual rate of levy through pooling. By joining the Suffolk Pool, Suffolk Coastal is able to reduce its rate of levy from 50% to a lower pooled levy rate. In addition to the reduced levy, through this agreement, Suffolk councils will have a greater opportunity to;

- support infrastructure development;
- encourage further business development;
- facilitate additional housing; and / or,
- supplement resources from the LEP for previously identified projects and aspirations to bring them to fruition more quickly.

The benefit of Pooling in 2013/14 to the Council was £31k, which will be paid during 2014/15.

Some other minor changes have also been made to the Statement of Accounts in relation to pension disclosure. Other important information is:

- **Accounts and Audit (England) Regulations 2011** – there have been no further regulations issued since the changes that came into force on 31st March 2011. Therefore the requirements introduced remain unchanged from last year.

The signing and approving dates are:

- the Chief Finance Officer must, no later than 30th June immediately following the end of a financial year, sign and date the Statement of Accounts, and certify that it presents a true and fair view of the financial position of the Council at the end of the financial year to which it relates and of the Council's income and expenditure for the year.
 - No later than 30th September in the year following the financial year to which the statement relates the Council must:
 - consider, (either by way of a committee, or by the members meeting as a whole), the Statement of Accounts;
 - following that consideration, approve the Statement of Accounts by a resolution of that committee or meeting;
 - following approval, ensure that the Statement of Accounts is signed and dated by the person presiding at the committee or meeting, at which that approval was given; and
 - publish (which must include publication on the Council's website), the Statement of Accounts together with any certificate, opinion, or report issued, given or made by the auditor under section 9 of the Audit Commission Act 1998.
 - the Chief Finance Officer must re-certify the presentation of the Statement of Accounts before the Council approves it.
 - The Council must keep copies of the Statement of Accounts with any auditor opinion for purchase by any person on payment of a reasonable sum.
- **Other Issues and Amendments** – Further guidance has been issued on a number of technical areas through LAAP Bulletins:
 - LAAP Bulletin 98 dated March 2014 (Closure of the 2013/14 accounts and other related matters) which provides supplementary advice on interpretation of the 2013/14 Code, and updated information where appropriate.

3. Accounting Policies

The Council's Accounting Policies are set out in Note 1 to the Core Financial Statements. Any changes to the Council's Accounting Policies since the previous Statement of Accounts was produced for 2012/13 are in respect of the Code, and have been added to Accounting Policies under the relevant headings. These have been made following a review of the latest Code Guidance Notes for Practitioners for the 2013/14 Accounts, issued by CIPFA.

4. General Fund Outturn

The following table shows how the Council's General Fund net expenditure, including the levy by the East Suffolk Internal Drainage Board, compares with the approved budget. The General Fund is the main revenue fund of the Council, financed through service income, government grants and the Council Tax.

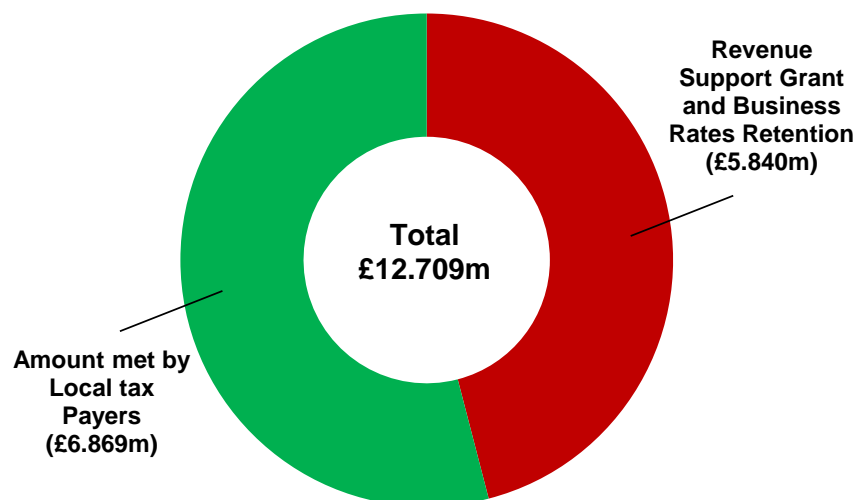
EXPLANATORY FOREWORD BY THE CHIEF FINANCE OFFICER

	Original Budget £'000	Revised Budget £'000	Outturn £'000	Variance £'000
Net Expenditure	12,709	13,446	11,539	(1,907)
Income from Government and Local Taxpayers	(12,709)	(12,709)	(12,709)	0
Met from / (added to) General Fund Balances	0	737	(1,170)	(1,907)
Provision for Between Years Virements				731
Addition to Business Rate Equalisation Reserve				300
Addition to Actuarial Reserve				278
Reduction in Benefits Verification Reserve				(178)
Addition to Capital Reserve				756
				(20)

The General Fund is the main revenue fund of the Council, financed through service income, government grants and the Council Tax.

Income from Government and Local Taxpayers

The chart below details the income included within the General Fund outturn:



The decrease in expenditure of £20k between the revised budget for 2013/14 and the outturn is analysed in the table below:

EXPLANATORY FOREWORD BY THE CHIEF FINANCE OFFICER

	£'000
Under Spends / Increased Income	
S31 grant for Small Business Rate Relief	(673)
Release from Actuarial Reserve to fund Early Retirements / Redundancies	(356)
Housing Benefit - improved administration and subsidy position	(299)
SCS - better than anticipated outturn and shared benefits	(86)
Collection Fund Surplus	(84)
Car Parks - Income greater than anticipated	(69)
Finance/Corporate Management Audit Fee saving	(68)
Additional Investment Income	(61)
Development Control - Income greater than anticipated	(56)
Reduction in Bad Debt Provision	(35)
Business Rates Retention - Share of Pooling Benefit	(31)
Planning - shared service cost savings	(30)
Land Charges income greater than anticipated	(22)
Others	(30)
 Over Spends / Reduced Income	
Early Retirements	234
Redundancies	122
Pension Fund Actuarial Review	108
Legal Costs Greater than expected (eg: Felixstowe Sea Front Gardens)	72
Coastal Management costs	69
Waste Management - less recycling credits than expected	63
Indoor Leisure - Costs of letting new contract	35
Tidal Surge costs - expenditure incurred in 2013/14 net of Government support received	21
 <i>Between Year Virement Requests</i>	
Community Enabling Grants	(195)
Others	(536)
 Transfer to General Fund Reserve - Between Years Virements	 731
Addition to Business Rate Equalisation Reserve	300
Addition to Actuarial Reserve	278
Reduction in Benefits Verification Reserve	(178)
Addition to Capital Reserve	756
 Total	 <u>(20)</u>

Further detailed analysis of the gross expenditure and income on services together with interest payable and receivable is set out in the Comprehensive Income and Expenditure Account. In addition, Note 21 to the Core Financial Statements provides an analysis of Government Grants received.

Between Year Virements

At the end of every financial year, services carry out a review of the works they expect to complete in the following financial year. The budgets relating to these works are requested to be transferred to the following year to allow these activities to be carried out. Sums totalling £536k have been identified for a small number of projects which could not be completed in 2013/14 (£134k for projects less than £15k and £402k for projects greater than £15k).

EXPLANATORY FOREWORD BY THE CHIEF FINANCE OFFICER

A Community Enabling budget of £220,000 was approved in January 2014. Although there are a number of grant commitments in place, the timing of the payments is such that many will not be paid until 2014/15. Thus it is planned to carry forward £195k into 2014/15 to meet these and any further commitments.

After taking account of the Between Year Virements, the Council has achieved a reduction of £1.176m in its net expenditure due to its careful control of in year expenditure and early delivery of some efficiency savings. There were also some signs of an improving economy reflecting on a higher than anticipated business rates and other income. This enables the Council to increase its contribution to Capital Reserve and other earmarked reserves.

The General Fund Balance at the year end will be £7.956m, of which £195k is earmarked for the Community Enabling Grants; £536k is committed for Between Year Virements and £4.147m is the share of the business rates collection fund deficit. This leaves the un-committed General Fund Balance as £3.078m (31st March 2012 was £3.058m).

Redundancy / Ill-health payments

Included within the General Fund net expenditure above are payments to nine staff (17 in 2012/13) that were made redundant during 2013/14. The costs of £122k in 2013/14 (£192,000 in 2012/13) have been charged to the General Fund Comprehensive Income and Expenditure Statement, and to the relevant service area where staff were employed. In addition, one member of staff during 2013/14 retired on the ground of ill-health with costs amounting to £115k (no members of staff in 2012/13).

Suffolk Coastal Services Ltd

The Council signed an agreement with Suffolk Coastal Services Ltd (who is part of Norse Commercial Services Limited) for the provision of a range of services including Refuse, Cleansing and Maintenance. The full years' trading figures for Suffolk Coastal Services Ltd in 2013/14 were for its Accounts up to 2nd February 2014. At the time this Statement of Accounts is being submitted for audit, the Council has only recently received "draft unaudited" accounts from Suffolk Coastal Services Ltd for 2013/14.

Payments made to Suffolk Coastal Services Ltd are included within the appropriate headings in the Cost of Services which forms part of the Comprehensive Income and Expenditure Statement. It has already been determined that the Council's financial relationship with Suffolk Coastal Services Ltd is that of an Associate, and so Group Accounts must be completed within the Statement of Accounts to take account of the Council's investment in the Company. Further information and the Group Accounts are set out in Note 37 to the Core Financial Statements (Interest in Companies).

General Fund - Future Budget Plans

Set out below is the Budget approved in February 2014 for 2014/15, together with the Original and Revised budgets for 2013/14.

Budget Requirement

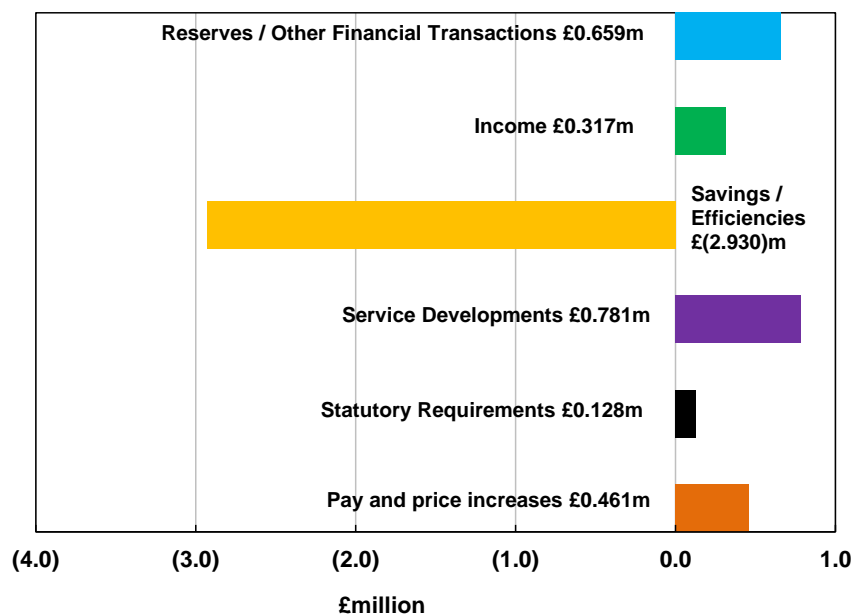
Overall the Council's budget requirement, the net cost of services to be met from Revenue Support Grant , Business Rates Retention and Council Taxes is £12.125m in 2014/15. This represents a headline decrease of £584k or 4.6% over the budget for 2013/14 of £12.709m.

The budget by priority theme as approved by Full Council in February 2014 for 2014/15 together with the Revised Estimate and also the forecasts for 2015/16 to 2017/18 are set out below:

EXPLANATORY FOREWORD BY THE CHIEF FINANCE OFFICER

Priority Theme	2013/14	2014/15	2015/16	2016/17	2017/18
	Revised Budget	Original Budget	Forecast Budget	Forecast Budget	Forecast Budget
	£'000	£'000	£'000	£'000	£'000
Leader	33	28	28	28	28
Community Health	325	277	277	283	281
Customers, Communities and Leisure	2,880	2,302	2,214	2,268	2,245
Green Environment	4,621	4,166	4,245	4,563	4,577
Housing	1,521	1,405	1,440	1,547	1,611
Economic Development	1,893	1,708	1,466	1,388	1,346
Planning	1,016	845	899	927	931
Resources	2,878	3,134	3,026	3,014	3,438
Council Tax Support Funding - Parish and Town Councils	0	152	102	51	0
Revenue Contributions to/from Capital Reserve	330	330	330	330	330
Budget Contingency	0	205	240	240	240
Interest from Investments	(150)	(150)	(150)	(150)	(150)
Council Tax Freeze Grant	(261)	(261)	0	0	0
Use of General Fund Reserve	(737)	0	0	0	0
Other Financial Transactions	(1,640)	(2,016)	(1,853)	(1,281)	(880)
Budget Requirement	12,709	12,125	12,264	13,208	13,997
Financed By:					
Revenue Support Grant and Business Rates Retention	5,840	5,214	4,436	3,681	3,580
Council Tax	6,869	6,884	6,884	6,884	6,884
Collection Fund Surplus	0	27	0	0	0
Total Funding	12,709	12,125	11,320	10,565	10,464
Total Savings Required	0	0	944	2,643	3,533

The reasons for the decrease in the 2014/15 Budget compared to the Budget for 2013/14 set a year ago are shown in the chart below:



EXPLANATORY FOREWORD BY THE CHIEF FINANCE OFFICER

For the fourth year in succession the Government proposed a Council Tax freeze for 2014/15 with the offer of a Council Tax Freeze grant equivalent to a 1% increase in Council Tax. Therefore the Council's budget for 2014/15 reflected no increase in Council Tax. The Government's Settlement Funding Assessment for the Council was reduced by £0.755m for 2014/15.

Since setting the budget in February 2013 the Council continues to monitor its Medium Term Financial Strategy (MTFS) and financial plans. The MTFS will be updated in October 2014 to incorporate any financial implications resulting from potential changes in Government policies and/or changes in the future spending levels and grants allocation. It is inevitable that there will be inherent uncertainties on any future predictions used in the MTFS.

5. Collection Fund

The Collection Fund records the income from Council Tax and Business Rates and its distribution, net of an allowance for cost of collection paid to the Billing Authority.

Council Tax

Council Tax income finances the expenditure of Suffolk County Council, the Office of the Police and Crime Commissioner for Suffolk, Suffolk Coastal District Council and its Town and Parish Councils. The council tax collection fund made an overall surplus of £618k during 2013/14 (£265k in 2012/13) and the Council share of the surplus is £84k (£35k in 2012/13).

The in-year surplus is due to additional Council Tax income and reduced provision for bad debt, including the bad debts written off. The £618k surplus is apportioned between Suffolk Coastal District Council, Suffolk County Council and the Office of the Police and Crime Commissioner for Suffolk in proportion to their respective Council Tax precept demands in the year.

Business Rates

2013/14 was the first financial year in which the new business rates retention scheme operated. The Council as Billing Authority collects all non domestic rates from local business and distributes these to Central Government (50%), Suffolk County Council (10%) and Suffolk Coastal District Council (40%). In arriving at the business rate retention value, the Council had to make a number of assumptions in January 2013 as part of the National Non Domestic Rate (NNDR1) return (shown below). The NNDR1 provides an estimate for the year ahead. One of the key assumptions in arriving at the estimated amounts is in relation to the value of the outstanding appeals. The initial provision for the outstanding appeal costs was set at 5% based on the government's guidance. This resulted in a total provision value of £7.587m and meant the District Council would receive a net income of £7.337m (see Ref 1) before any levy payment was due to the Suffolk Pool as payments from the Collection Fund are based on the NNDR1 position.

During the financial year, the appeals provision was revised to a higher amount following receiving information from the Valuation Office in relation to an outcome from a similar appeal hearing. The provision was increased from £7.587m to £18.3m (see NNDR3 position below). The increase in provision resulted (in a deficit in the Council's business rate collection fund which will be off set against next year's calculation. The overall impact is analysed below:

Business Rates Retention

	Estimate				Ref	Outturn			
	NNDR1 Position	Central Government 50%	Suffolk County Council 10%	SCDC 40%		NNDR3 position	Central Government 50%	Suffolk County Council 10%	SCDC 40%
Estimated net yield	66,775,448	33,387,724	6,677,545	26,710,179		67,082,204	33,541,102	6,708,220	26,832,882
Provision for appeals	7,586,610	3,793,305	758,661	3,034,644		18,261,166	9,130,583	1,826,117	7,304,466
Business rates Collection Fund	59,188,838	29,594,419	5,918,884	23,675,535		48,821,038	24,410,519	4,882,104	19,528,415
Tariff payment	0	0	16,338,317	-16,338,317		0	0	16,338,317	-16,338,317
Income subject to levy	59,188,838	29,594,419	22,257,201	7,337,218	1	48,821,038	24,410,519	21,220,421	3,190,098

EXPLANATORY FOREWORD BY THE CHIEF FINANCE OFFICER

	Outturn variation				Ref
	Total	Central Government 50%	Suffolk County Council 10%	Suffolk Coastal District Council 40%	
Estimated net yield	306,756	153,378	30,676	122,702	
Provision for appeals	10,674,556	5,337,278	1,067,456	4,269,822	
Business rates Collection Fund	-10,367,800	-5,183,900	-1,036,780	-4,147,120	2
Tariff payment			0	0	
Income subject to levy	-10,367,800	-5,183,900	-1,036,780	-4,147,120	
Income received from Collection Fund				7,337,218	1
Share of deficit on Collection Fund				-4,147,120	2
				3,190,098	
Levy payment - Suffolk Pool				-672,597	
Additional income:					
S31 grant for Small Business Rate Relief				672,652	
Share of benefit from Pooling				31,000	
Total income received in 2013/14				3,221,153	
Budgeted Business Base line				2,517,000	
Surplus				704,153	

6. Capital

Capital expenditure relates to the acquisition of fixed assets or expenditure that adds to (and not merely maintains) the value of an existing fixed asset. The following table shows the capital outturn results for 2013/14 against the approved budgeted programme (see Note 30 to the Core Financial Statements for further information):

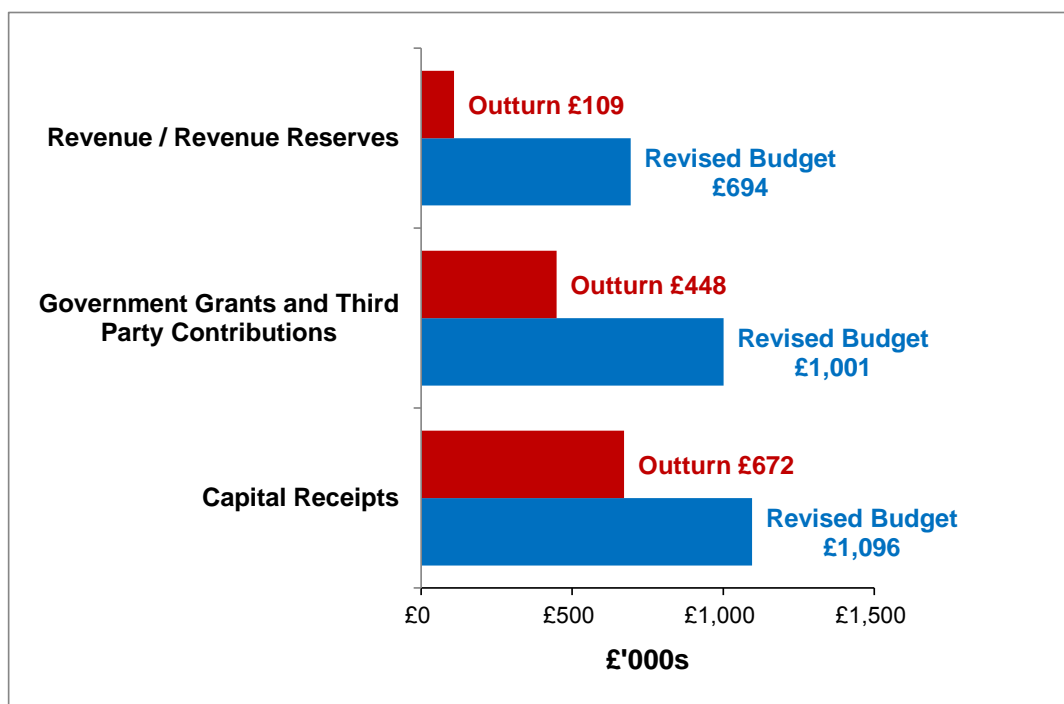
Portfolio	Original Budget	Revised Budget	Outturn	Variance to Revised Budget
	£'000	£'000	£'000	£'000
Community Health	0	100	0	100
Customers, Community & Leisure	92	160	71	89
Housing	615	1,016	650	366
Planning & Coastal Management	170	634	414	220
Resources	184	881	94	787
Total Capital Expenditure	1,061	2,791	1,229	1,562

The overall expenditure at outturn was £1.562m less than the Revised Budget for 2013/14. The reasons for this are summarised below:

EXPLANATORY FOREWORD BY THE CHIEF FINANCE OFFICER

Scheme	£'000 Reason for Variance
Port Health IMS	100 deferral of ICT procurement into the following financial year
Leisure Review	68 backlog of enhancements not completed until 1st quarter of 2014/15
Customer Services Equipment	16 deferred due to review of equipment required to ensure "fit for purpose" to be transferred into new accommodation
Housing Private Sector Review	327 demand led budget increase
Housing Disabled Facilities	39 demand led budget increase
Central Felixstowe	55 deferred due to tidal surge
Bawdsey Manor Strategy/Works	35 deferred due to tidal surge
Planning IT	135 underspend on final project completion
Financial Services IT	20 Implementation delayed due to re-phasing of planned go-live
Accommodation Review	44 deferral into following financial year
Crag Path - Lighting	66 backlog of enhancements not completed until 1st quarter of 2014/15
Footway Lighting Enhancements	586 contractual/project issues delayed invest to save project
Martello Tower	7 budget underspent on phase 1 being carried forward to phase 2
Estates Management	64 backlog of enhancements not completed until 1st quarter of 2014/15
Total	1,562

The Capital Programme was financed as follows.



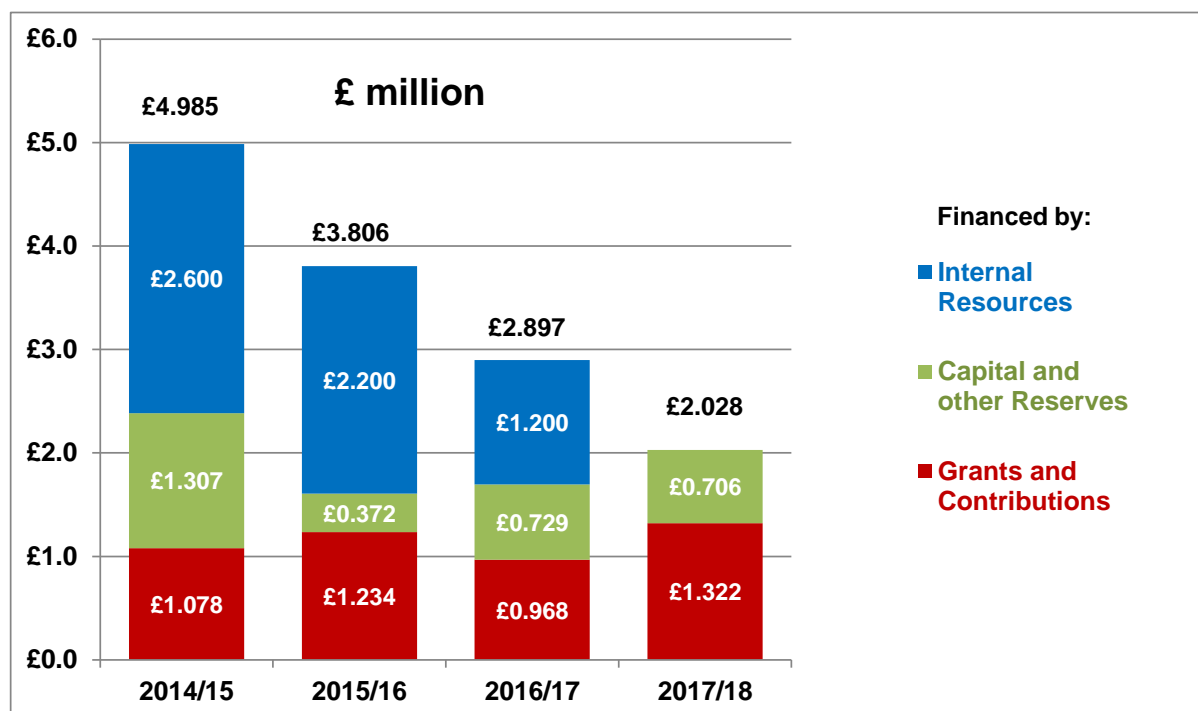
The Council made the following significant asset disposals in the year:

- Sale of the Old Court House which had a carrying value of £53k (sale proceeds received was £500k); and
- Sale of land at Felbridge Court which had a carrying value of £105k (sale proceeds received was £1m).

EXPLANATORY FOREWORD BY THE CHIEF FINANCE OFFICER

The Council did not enter into any borrowing in 2013/14 to finance its capital expenditure and consequently remains free of external debt.

Capital expenditure plans and their financing for the next four years are as follows:



7. Pensions

Pension costs are accounted for in accordance with the Accounting Standard IAS19 (previously referred to as FRS17). The objectives of IAS19 are to ensure that the financial statements reflect at fair value the assets and liabilities arising from an employer's retirement benefit obligations and any related funding and that the operating costs of providing retirement benefits to employees are recognised in the accounting period in which the benefits are earned, and that the financial statements contain adequate disclosure of the cost of providing retirement benefits.

IAS19 costs are not, however, chargeable to Council Tax, and the impact is reversed out by replacing the IAS19 figures with the actual cash payments made to the Pension Fund. The actual payments are shown in the Movement in Reserves Statement.

The Pensions Liability in the Balance Sheet reflects the underlying commitments that the Council has in the long-term to pay retirement benefits. The impact of the net pension liability on overall reserves amounts to £31.978m in 2013/14 (2012/13 was £27.697m). However statutory arrangements for funding the deficit mean the financial position of the Council is not adversely affected. Detailed information on the performance of the Pension Fund is set out in Note 33 to the Core Financial Statements.

The latest triennial actuarial valuation of the assets and liabilities of the Suffolk County Council Pension Fund was completed as at the 31st March 2013 and the next review will be carried out during 2016/17 with an effective date of 31st March 2016.

8. Reserves

Details of the movements in all reserves are shown in Notes 7, 8 and 22 to the Core Financial Statements. Reviewing the Council's reserves will continue to be carried out as part of the consideration of the Medium Term Financial Strategy (MTFS) during 2014/15. The main reserves held at 31st March are set out below, (with further information in Notes 7, 8 and 22 to the Core Financial Statements):

EXPLANATORY FOREWORD BY THE CHIEF FINANCE OFFICER

	31 March 2014 £'000	31 March 2013 £'000
Useable Reserves		
<i>Held for Revenue Purposes</i>		
General Fund	7,956	3,795
Earmarked Reserves	6,938	6,522
<i>Held for Capital Purposes</i>		
Capital Receipts Reserve	1,761	744
Earmarked Reserves	3,745	2,308
Capital Grants Unapplied	2,649	2,118
	23,049	15,487
Un-usable Reserves	13,515	26,373
Total Council Reserves	36,564	41,860

9. Strategic Partnerships

The Council is committed to achieving its strategic objectives and delivering services in the most effective and efficient ways possible.

Suffolk Coastal District Council and Waveney District Council have formally agreed that both councils are each others preferred partner for shared services, whilst not excluding partnership working with any other organisation. In order to fully enable joint working partnership arrangements, a Joint Partnership Board (JPB) is established to enable a shared services programme to be jointly developed, evaluated and implemented.

The shared joint management structure was implemented in October 2010 with new Directors and Heads of Service appointed to run services for both councils. Further information is disclosed in Note 29 to the Core Financial Statements.

One of the considerations, when assessing the best way of delivering a service or a project, is the possible benefits of entering into a partnership in order to achieve this optimum solution. The Council had a number of strategic service delivery partnerships - either through third parties or joint arrangements with local authorities - in operation during the 2013/14 financial year. These are listed in the table that follows:

Third Parties:	
Suffolk Coastal Services Limited (Norfolk County Council - Norse Commercial Services Limited (NCS) and its subsidiaries)	Provide the District Council with a range of environmental services including street sweeping, dog warden and pest control services, abandoned vehicle removal and litter bin provision and emptying. Suffolk Coastal Services Ltd also manage the District Council's car parks, including running the cyclical maintenance programme, provision of car parking meters and tickets, cash collection and management of car park inspectors.
DC Leisure	Provision of Leisure services.
Joint Arrangements:	
Suffolk Coastal and Waveney District Councils.	Senior Management (Chief Executive, two Directors and nine Heads of Service manage services jointly for both Councils.
Emergency Services - Joint Emergency Planning Unit	Provides Emergency Planning services for Suffolk County Council, St Edmundsbury Borough Council, Babergh, Forest Heath, Mid-Suffolk, Waveney and Suffolk Coastal District Councils.
Internal Audit service.	Internal audit partnership for Suffolk Coastal and Waveney District Councils, and Ipswich Borough Council.

EXPLANATORY FOREWORD BY THE CHIEF FINANCE OFFICER

Anglia Revenues Partnership.	Provision of Revenues and Benefits services for Breckland, Forest Heath, East Cambridgeshire, St. Edmundsbury, Suffolk Coastal and Waveney District Councils.
East Suffolk Partnership	Provides local strategic junction for East Suffolk region and is a partnership of all public, voluntary and private sector partners.

10. Overall Financial Position

The General Fund outturn for 2013/14 was a surplus of £20k in comparison to the Revised Estimates. This is after taking account of between year virements of £731k for works which will be completed in 2014/15, and making further contributions of £756k to capital, £300k to Business Rate Equalisation and £100k to other reserves. The overall General Fund Balance at 31st March 2014 including the £4.147m of collection fund balance was £7.956m (31st March 2013 was £3.795m) of which £3.078m is uncommitted (31st March 2013 was £3.058m). The Council continues to remain debt free.

The Budget report to Council in February 2014 highlighted significant Budget issues which have a bearing on shaping the budgets from 2015/16 onwards. The Medium Term Financial Plan (MTFS) currently forecasts a shortfall of £944k in respect of 2015/16. Future years beyond 2015/16 show growing deficits, largely as a result of further losses in Central Government Grant funding. These deficits will be addressed as part of the next Budget round over the next few months in 2014.

Major influences on the Council's financial position include:

- a) Uncertainty surrounding future taxation, inflation and pay constraint assumptions in the years following 2014/15;
- b) Volatility in the economy and the need for further restraint in 2015/16 to 2017/18 and beyond, leading to further reductions in grant funding for councils;
- c) The funding uncertainties and greater risk transfer from central government to local levels evident in Business Rate income and rising arrears in Council Tax;
- d) Delivery of Universal Credit, the programme for which has been significantly delayed. Revised proposals will see a phased expansion of claimant types and geographical areas during 2014 for new claimants only; expanding to all areas during 2016. Full integration of Housing Benefit will not be achieved until the end of 2017;
- e) Reviews are ongoing on a range of proposed reforms to public sector pensions, including the Local Government Pension Scheme. The agreed proposals on a revised scheme will need to be tied in with future triennial reviews; and
- f) Given the forecast position, more radical and innovative solutions are required over the next four year period.

11. The Impact of the National Economy.

Nationally the economy continues to show slow signs of recovery. The Bank of England's base rate which fell from a peak of 5.25% in April 2008 to 0.5% in March 2009 has since remained unchanged. However, 'gradual and limited' increases would be needed as recovery progresses according to the governor of the Bank. The Council has relatively large sums invested and any increase in the base rate will have a positive impact on the investment income.

With the new local government funding system becoming more and more dependent on economic performance the Council's finances are exposed to a greater volatility than ever before. Any changes to the economy could see improvements or further reductions to the funding levels, Business Rates, the Council Tax Base, and fee income, as well as greater demand on services.

Note 33 to the Core Financial Statements on Pensions sets out in detail the assets and liabilities attributed to this Council by the Actuary to the Suffolk County Council Pension Scheme. This Council's share of the Fund deficit has, at 31st March 2014 increased to £31.978m compared to £27.697m a year earlier. This increase in the deficit is partly attributed to a number of financial assumptions at 31st March 2014 being less favourable than they were at 31st March 2013..

A detailed review of the book valuations of the Council's Assets is undertaken annually at the end of the financial year to assess the impact of price changes on property values. Where the Council's valuers have determined that

EXPLANATORY FOREWORD BY THE CHIEF FINANCE OFFICER

the book value of the Council's assets. This has been reflected in the Council's Accounts and the impact is shown under Revaluation increases/decreases (see Note 12 to the Core Financial Statements for further details). Overall, the value of the Council's property, plant and equipment has decreased by £4.457m from £53.528m to £49.071m. The primary causes of this reduction are due to derecognition of some old assets and disposals..

12. Further Information

Further information on the Council's finances is available from the Chief Finance Officer at Suffolk Coastal District Council, Melton Hill, Woodbridge, Suffolk, IP12 1AU (Telephone 01394 383789).

13. Translation Services

Information on the Suffolk Coastal District Council website www.suffolkcoastal.gov.uk can be translated into various languages.

If you would like a copy or a summary of this Statement of Accounts in an alternative language or format, please ask an English speaking friend to contact us at the address below:

Financial Services,
Melton Hill,
Woodbridge,
Suffolk IP12 1AU

Or email: accountancy@eastsoffolk.gov.uk

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Chief Finance Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

Councillor B Snell

Chairman, Suffolk Coastal District Council – 25th September 2014

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom 2013/14* (the Code).

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the local authority Code.

The Chief Finance Officer has also:

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

Certificate by the Chief Finance Officer

I certify that this Statement of Accounts has been prepared in accordance with proper accounting practices and presents a true and fair view of the financial position of the Council at 31st March 2014 and its income and expenditure for the year ending on that date.

Homira Javadi

Chief Finance Officer – 25th September 2014

MOVEMENT IN RESERVE STATEMENT

This statement shows the movement in the year on the different reserves held by the Council and the Group (i.e. including Suffolk Coastal Services Ltd), analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. Additional information on the structure of this Statement is contained within the Movement in Reserves Statement.

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Council's share of Reserves of Associate	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2012	(3,437)	(7,681)	(579)	(1,508)	(13,205)	(28,344)	(41,549)	(30)	(41,579)
Movement in reserves during 2011/12									
(Surplus) or deficit on provision of services	(2,282)	-	-	-	(2,282)	-	(2,282)		(2,282)
Other Comprehensive Expenditure and Income	-	-	-	-	-	1,971	1,971		1,971
Total Comprehensive Expenditure and Income	(2,282)	-	-	-	(2,282)	1,971	(311)	-	(311)
Adjustment between Group and Authority Accounts:									
- Purchase of Goods and Services from Associate	-	-	-	-	-	-	-	(51)	(51)
- Share of Actuarial Gains/Losses								123	123
Net (Increase) / Decrease before Transfers	(2,282)	-	-	-	(2,282)	1,971	(311)	72	(239)
Adjustments between accounting basis and funding basis under regulations (note 7)	775	-	(165)	(610)	-	-	-		-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(1,507)	-	(165)	(610)	(2,282)	1,971	(311)	72	(239)
Transfer to/from Earmarked Reserves (note 8)	1,149	(1,149)	-	-	-	-	-		-
(Increase)/Decrease in 2012/13	(358)	(1,149)	(165)	(610)	(2,282)	1,971	(311)	72	(239)
Balance at 31 March 2013 carried forward	(3,795)	(8,830)	(744)	(2,118)	(15,487)	(26,373)	(41,860)	42	(41,818)

MOVEMENT IN RESERVE STATEMENT

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Council's share of Reserves of Associate	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2013 brought forward	(3,795)	(8,830)	(744)	(2,118)	(15,487)	(26,373)	(41,860)	42	(41,818)
<u>Movement in reserves during 2013/14</u>									
(Surplus) or deficit on provision of services	2,552	-	-	-	2,552	-	2,552		2,552
Other Comprehensive Expenditure and Income	-	-	-	-	-	2,744	2,744		2,744
Total Comprehensive Expenditure and Income	2,552	-	-	-	2,552	2,744	5,296	-	5,296
Adjustment between Group and Authority Accounts:									
- Purchase of Goods and Services from Associate	-	-	-	-	-	-	-	(55)	(55)
- Share of Actuarial Gains/Losses								112	112
Net (Increase) / Decrease before Transfers	2,552	-	-	-	2,552	2,744	5,296	57	5,353
Adjustments between accounting basis and funding basis under regulations (note 7)	(8,566)		(1,017)	(531)	(10,114)	10,114	-		-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(6,014)	-	(1,017)	(531)	(7,562)	12,858	5,296	57	5,353
Transfer to/from Earmarked Reserves (note 8)	1,853	(1,853)	-	-	-	-	-		-
(Increase)/Decrease in Year	(4,161)	(1,853)	(1,017)	(531)	(7,562)	12,858	5,296	57	5,353
Balance at 31 March 2014 carried forward	(7,956)	(10,683)	(1,761)	(2,649)	(23,049)	(13,515)	(36,564)	99	(36,465)

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. The Group includes the Council's share of the Suffolk Coastal Services Ltd profits and tax expenses.

	Authority						Group	
	Gross Expenditure	2013/14 Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	2012/13 Gross Income £'000	Net Expenditure £'000	2013/14 Net Expenditure £'000	2012/13 Net Expenditure £'000
Cost of Services								
Central Services to the Public	2,377	(1,010)	1,367	9,344	(7,899)	1,445	1,367	1,445
Cultural and Related Services	5,474	(1,459)	4,015	4,665	(1,485)	3,180	4,015	3,180
Environmental and Regulatory Services	12,435	(6,400)	6,035	12,594	(6,506)	6,088	6,035	6,088
Planning Services	3,980	(1,986)	1,994	3,521	(2,048)	1,473	1,994	1,473
Highways and Transport Services	958	(1,577)	(619)	1,059	(1,525)	(466)	(619)	(466)
Other Housing Services	30,766	(29,995)	771	31,016	(30,340)	676	771	676
Corporate and Democratic Core	1,749	(8)	1,741	1,758	(14)	1,744	1,741	1,744
Non-Distributed Costs	(3)	-	(3)	460	(140)	320	(3)	320
	57,736	(42,435)	15,301	64,417	(49,957)	14,460	15,301	14,460
Other Operating Expenditure (note 9)			4,227			2,512	4,227	2,512
Financing and Investment Income and Expenditure (note 10)			1,110			945	1,110	945
Taxation and Non-Specific Grant Income (note 11)			(18,086)			(20,199)	(18,086)	(20,199)
(Surplus) or Deficit on Provision of Services			2,552			(2,282)	2,552	(2,282)
Share of (Surplus)/Deficit on the Provision of services by Associate			-			-	(56)	(66)
Tax expenses of Associate			-			-	1	15
(Surplus)/Deficit			2,552			(2,282)	2,497	(2,333)
(Surplus) or deficit on revaluation of non-current assets (note 22)			(1,404)			(2,000)	(1,404)	(2,000)
Actuarial (gains)/losses on pension assets/liabilities (note 22)			4,148			3,971	4,148	3,971
Other Comprehensive Income and Expenditure			2,744			1,971	2,744	1,971
Total Comprehensive Income and Expenditure			5,296			(311)	5,241	(362)

BALANCE SHEET

The Balance Sheet shows the value of the assets and liabilities recognised by the Council and the Group at the Balance Sheet date. The net assets (assets less liabilities) are matched by the Group's reserves, reported in two categories. Details of the Usable Reserves can be found at the bottom of this Balance Sheet and Unusable Reserves held by the Group are contained within Note 22 to the Council's Core Financial Statements.

	Note	Authority		Group	
		31st March 2014	31st March 2013	31st March 2014	31st March 2013
		£'000	£'000	£'000	£'000
Property, Plant and Equipment	12	49,071	53,528	49,071	53,528
Heritage Assets	13	15	15	15	15
Intangible Assets	14	417	138	417	138
Long Term Investments	15 + 39	-	8	-	8
Investment in Associate	37	-	-	(99)	(42)
Long Term Debtors	15 + 40	38	41	38	41
Long Term Assets		49,541	53,730	49,442	53,688
Short Term Investments		22,028	7,006	22,028	7,006
Current Assets held for sale	18	779	1,111	779	1,111
Inventories	16	34	69	34	69
Short Term Debtors	17	3,176	3,295	3,176	3,295
Cash and Cash Equivalents	Cash Flow	12,910	12,824	12,910	12,824
Current Assets		38,927	24,305	38,927	24,305
Cash and Cash Equivalents	Cash Flow	(734)	-	(734)	-
Short Term Creditors	19	(10,830)	(7,249)	(10,830)	(7,249)
Short Term Capital Grants Receipts in Advance	21	(112)	(122)	(112)	(122)
Current Liabilities		(11,676)	(7,371)	(11,676)	(7,371)
Long Term Provisions	20	(7,324)	(20)	(7,324)	(20)
Long Term Capital Grants Receipts in Advance	21	(926)	(1,087)	(926)	(1,087)
Other Long Term Liabilities - Pension Liability	33	(31,978)	(27,697)	(31,978)	(27,697)
Long Term Liabilities		(40,228)	(28,804)	(40,228)	(28,804)
Net Assets		36,564	41,860	36,465	41,818
<u>Capital Reserves</u>					
Capital Receipts Reserve		(1,761)	(744)	(1,761)	(744)
Capital Grants Unapplied Reserve		(2,649)	(2,118)	(2,649)	(2,118)
Earmarked Reserves		(3,745)	(2,308)	(3,745)	(2,308)
Share of Reserves of Associate				99	42
<u>Revenue Reserves</u>					
General Fund		(7,956)	(3,795)	(7,956)	(3,795)
Earmarked Reserves		(6,938)	(6,522)	(6,938)	(6,522)
Usable reserves		(23,049)	(15,487)	(22,950)	(15,445)
Unusable reserves	22	(13,515)	(26,373)	(13,515)	(26,373)
Total Reserves		(36,564)	(41,860)	(36,465)	(41,818)

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority and Group 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.

	2013/14 £'000	2012/13 £'000
Net (surplus) or deficit on the provision of services	2,552	(2,282)
Adjust net surplus or deficit on the provision of services for non cash		
Depreciation and Amortisation	(2,151)	(2,264)
Impairment and Downward valuations	(1,121)	(107)
Impairment of investments	(8)	-
Change in Creditors	(7,569)	3,115
Change in Debtors	(456)	588
Change in Inventory	(35)	9
Pension Liability	(133)	129
Movement in provisions	(7,304)	-
Carrying value of Non-Current Assets disposed	(3,223)	(298)
Other non-cash items charged to Surplus / Deficit on Provision of Services	-	(20)
	(22,000)	1,152
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	2,374	3,955
Net cash flows from Operating Activities	(17,074)	2,825
Investing Activities:		
Purchase of property, plant and equipment, and intangible assets	750	2,756
Purchase of short-term and long-term investments	94,400	135,005
Other payments for investing activities	-	-
Proceeds from the sale of property, plant and equipment, and intangible assets	(1,718)	(194)
Proceeds from short-term and long-term investments	(79,400)	(149,005)
Other receipts from investing activities	(475)	(3,887)
	13,557	(15,325)
Financing Activities:		
Other receipts from financing activities	4,165	3,618
Other payments for financing activities	-	-
	4,165	3,618
Net increase or decrease in cash and cash equivalents	648	(8,882)
Cash and cash equivalents at the beginning of the reporting period	(12,824)	(3,942)
Cash and cash equivalents at the end of the reporting period (See below)	(12,176)	(12,824)
Cash held by officers	1	2
Bank account	-	701
Short-term deposits	12,909	12,121
Sub-Total - Cash and Cash Equivalents	12,910	12,824
Other bank balances (overdrafts)	(734)	-
Cash and cash equivalents at the end of the reporting period	12,176	12,824

In addition to the cash and cash equivalents shown above at 31 March 2014, the Council held £1.042m in relation to Partnerships which it hosts (31 March 2013 £1.209m)

1. Accounting policies

a) General principles

The Statement of Accounts summarises the Council's transactions for the 2013/14 financial year and its position at the year-end of 31st March 2014. The Council is required to prepare an annual Statement of Accounts, by the Accounts and Audit Regulations 2011, in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2013/14* and the *Service Reporting Code of Practice 2013/14*, supported by International Financial Reporting Standards (IFRS).

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.

b) 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 Council 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 Council.
- Revenue from the provision of services is recognised when the Council 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 Council.
- 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 services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than 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 debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where payments have been received in advance of obligations being performed, they have been recognised as a liability on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress with inventories on the Balance Sheet.
- In calculating the accrual for major grant claims including Housing Benefit Subsidy, the sums receivable have been estimated using the latest information available from the Housing Benefit system.
- Where the Council is acting as an agent for another party (e.g. in the collection of non domestic rates (NDR) and council tax), income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services rendered or the Council incurs expenses directly on its own behalf in rendering the services.

c) 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 highly liquid investments that mature in seven days or less from the date of acquisition and that are readily convertible to known amounts of cash without penalty and with insignificant risk of change in value.

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 Council's cash management.

d) Prior period adjustments, changes in accounting policies and estimates 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 Council'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.

e) 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; and
- amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (known as a Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

f) Employee benefits

The adoption of the 2011 amendments to IAS 19 and IAS 1 in the Code is a change of accounting policy from 1st April 2013. The nature of the change to the accounting policy is that there are new classes of components of defined benefit cost to be recognised in these financial statements (i.e. net interest on the net defined benefit liability and remeasurements of the net defined benefit liability), and, where there is a material impact, new definitions or recognition criteria for service costs, e.g. past service costs and new recognition criteria for termination benefits.

The effect of the change in accounting policy on 2012/13 comparators is shown below:

	2012/13 Original £'000	2012/13 Restated £'000
Movement in Reserves Statement		
Surplus/(Deficit) on the Provision of Services	-2,754	-2,282
Other Comprehensive Income and Expenditure	2,443	1,971
 Comprehensive Income and Expenditure Statement		
Surplus/Deficit on the Provision of Services		
Financing and Investment Income and Expenditure		
Pensions interest costs and expected return on assets	643	-
Net interest on the defined pension liability	-	1,115
 Other Comprehensive Income and Expenditure		
Actuarial (gains)/losses on pension assets/liabilities	4,443	-
Re-measurement of the net defined pension fund liabilities	-	3,971
 Cash Flow Statement		
Change in Pension Liability	601	129

Benefits payable during employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is only made where the cost of untaken holiday entitlements and other leave carried forward into the next financial year is material. Any material accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The material accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accrual basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council 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 pension enhancement termination 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.

Post employment benefits

Employees of the Council are members of the Local Government Pension Scheme, administered by Suffolk County Council, to provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Suffolk County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices. The discount rate employed for the 2013/14 accounts is 4.3% which is derived from a Corporate bond yield curve constructed from yields on high quality bonds based on the constituents of the iBoxx £ Corporates AA index and using the UBS delta curve fitting methodology.
- The assets of the Suffolk County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities - current bid price;
 - unquoted securities - professional estimate;
 - unitised securities - current bid price; and
 - property - market value.

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; and

- net interest on the net defined benefit liability, i.e. net interest expense for the authority – the change during the period in the net defined benefit liability 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 to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
 - 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 Suffolk County Council Pension Fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Pensions impact on council tax

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council 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 appropriations 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 on 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.

Discretionary benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

g) 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 is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is 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 Statement of Accounts.

h) Financial instruments

Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Financial assets

Financial assets are classified into two types:

- loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market.
- available-for-sale assets - assets that have a quoted market price and/or do not have fixed or determinable payments. The Council does not have any assets classified as Available for Sale.

Loans and receivables

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any loans made at less than market rates are known as "soft loans". When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) 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. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable, 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 gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or to 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 asset's original effective interest rate.

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.

i) 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 Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached 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 in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefit or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which any conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income and Expenditure (non-ringfenced 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 to fund capital expenditure.

j) Heritage assets

Tangible and intangible heritage assets (described in this summary of significant accounting policies as Heritage Assets).

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

Civic regalia

The Council owns a collection of mayoral items. Where material, these assets are included in the Council's accounts and reported in the Balance Sheet at insurance valuation, based on new for old values. These valuations are reviewed at appropriate intervals to ensure their carrying value remains current. Because these assets are deemed to have indeterminate lives and a high residual value, the Council does not consider it appropriate to charge depreciation.

The collection is relatively static and acquisitions and donations are rare. Where they do occur acquisitions are initially recognised at cost and donations are recognised at valuation.

Roman coins

The Council owns a hoard of Roman coins and a single gold Roman Coin. Where material these items are reported in the Balance Sheet at insurance value based on valuations provided by a numismatic dealer. Valuations are reviewed at appropriate intervals to ensure the carrying value remains current. These assets are deemed to have indeterminate lives and a high residual value, the Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation but are rare. Material acquisitions are initially recognised at cost, and donations are recognised at valuation, referenced to any appropriate commercial markets such as recent auction sales.

Martello Tower

The Council owns Martello Tower 'P', a listed and scheduled ancient monument. This asset is reported in the Balance Sheet at a valuation provided by the Council's internal valuers based on their fair value existing use value.

Scallop Shell Memorial

The Scallop Shell Memorial to Benjamin Britten was a donation to the Council in 2003. This asset is not being held on the Council's Balance Sheet due to there being insufficient information being available on valuation and prohibitive cost of valuation.

Walton Old Hall Ruins

The Walton Old Hall dates back to the 13th Century. It was originally built and established as an important manor at Walton by the powerful Bigod family. Large ruins of the Old Hall still remained in the 18th Century but the last major portion fell during a high storm in the 1800's and today only ruins remain.

Heritage assets – general

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment (see note P in this summary of significant accounting policies).

In the rare event of disposal of any heritage assets the proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (again see note P in this summary of significant accounting policies).

k) Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when the original cost exceeds £3,000 and it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure is not capitalised).

Expenditure on the development of websites is not capitalised if the website's is solely or primarily intended to promote or advertise the Council'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 Council can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life 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.

The Council is required to disclose details of any material intangible assets in the Statement of Accounts. For the purpose of disclosure, the materiality threshold for intangible assets has been set at a carrying value of £100,000.

l) Interests in companies and other entities

On 1st April 2009, the Council entered into a service contract with Suffolk Coastal Services Limited (SCS) for the provision of a range of services including waste management and grounds and buildings maintenance. At the same time the Council acquired 20% of the shares of SCS which is a subsidiary of the Norse Group of companies which is itself a wholly owned subsidiary of Norfolk County Council. Profits and losses are shared 50%/50% with SCS.

Following a review of the Group Accounting requirements within the Code for 2013/14, the Council's accounting relationship with SCS for 2013/14 has been determined as an Associate. In the Council's own single-entity accounts, the interest in SCS is recorded as a financial asset at cost, less any provision for losses.

The Group Accounting information for SCS is based on their financial results at their accounting date of 2nd February 2014, with adjustments for items between that date and 31st March 2014 only being made where transactions or events are significant. Further detailed information regarding the agreement is set out in the Notes to the Core Financial Statements (Interests in Companies and Other Entities).

m) Inventories

Inventories are included in the Balance Sheet at the last purchase price for the commodities with an allowance for obsolescence. This gives material compliance with the Code, which requires the carrying value to be the lower of cost and net realisable value.

n) 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 Council 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 Council 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 years 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 Council at the end of the lease period).

The Council 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 benefitting from use of the leased 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 Council as Lessor

Finance leases

Where the Council 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 Council'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 asset - applied to write down the lease debtor (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 is 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 received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. 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 therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating leases

Where the Council 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.

o) 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 2013/14* (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 Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early 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.

p) Property, plant and equipment

Assets that have physical substance and 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

Expenditure 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 Council 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), and expenditure below a de-minimis level of £3,000, 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; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

The cost of assets acquired other than by purchase (for example exchange for non-monetary asset) is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction - depreciated historical cost;
- dwellings - fair value, determined using the basis of existing use value for social housing (EUV-SH); or
- all other assets - fair value, determined as 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 (DRC) is used as an estimate of fair value. Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. The effective date of revaluation of those assets revalued in 2013/14 is 1st April 2013. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a revaluation or impairment loss previously charged to a service.

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

- 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 or insufficient balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement for the amount not covered by any Revaluation Reserve balance for that asset.

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

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 as follows:

- 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 or insufficient balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement for the amount not covered by any Revaluation Reserve balance for that asset.

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.

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings - straight-line allocation over the useful life of the property as estimated by the valuer;
- vehicles, plant, furniture and equipment - straight line allocation over the useful life of the asset, as advised by a suitably qualified officer; or
- infrastructure - straight-line allocation over 40 years.

The estimated useful life of the asset used to calculate the depreciation charge is assessed on acquisition and reviewed on revaluation. The asset life applied can vary from as little as three years for IT equipment, to up to 60 years for new permanent buildings and some categories of infrastructure.

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, and whose life is materially different to that of the main asset, the components are depreciated separately. This will generally apply where the cost of the potential component exceeds 25% of the total cost of the asset, and where the life of that component is less than 50% of the expected life of the main asset. Below those de minimis levels, it is unlikely that a failure to account separately

for components would have a material impact on depreciation charges, using the Council's capital expenditure de minimis level of £3,000 as a guide for material impact.

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.

Disposals and non-current assets held for sale

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. Irrespective of the timing of any decision an asset is surplus, the accounting treatment will apply from 1st April in that year. 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 in the Surplus or Deficit on Provision of Services. 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, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, 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. A proportion of receipts relating to housing disposals are payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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.

q) Provisions, contingent liabilities and contingent assets

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. Where the obligation is expected to be settled within 12 months of the Balance Sheet date the provision is recognised as a Current Liability in the Balance Sheet. Other provisions are recognised as Long Term Liabilities.

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), this 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.

The Council makes specific provision in the Collection Fund for doubtful debts in relation to receipt of council tax and business rates, and in the Comprehensive Income and Expenditure Statement for doubtful debts in relation to other service debtors. These provisions are based on the age profile of the debts outstanding at the end of the financial year, reflecting historical collection patterns, and are included in the Balance Sheet as an adjustment to Debtors.

Contingent liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

r) Reserves

The Council 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 or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and therefore do not represent usable resources for the Council - these Unusable Reserves are explained elsewhere in the relevant accounting policies.

s) 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 a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or 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.

t) Collection Fund

The transactions of the Collection Fund are wholly prescribed by legislation. The Council, as a Billing Authority, has no discretion to determine which receipts and payments are accounted for within the fund and which outside. However, decisions will have to be made in relation to the application of accounting concepts to the prescribed transactions in the calculation of accruals and provisions.

The statutory provisions for Collection Fund accounting are to be found in the following sources:

- Section 90(1) of the 1988 Act: setting out the main types of income from other parties which must be paid directly into the Collection Fund (council tax, NDR, Business Rate Supplements (BRS) receipts, and sums received from precepting authorities and central government to meet a deficit on the fund arising in the previous year).
- Section 90(2) of the 1988 Act: setting out the main types of expenditure which must be made directly from the Collection Fund (council tax precepts (excluding parish precepts), shares of NDR to precepting authorities and central government, distributions of a surplus on the fund arising in the previous year in respect of council tax and NDR, council tax and NDR refunds and payments to BRS levying authorities).
- Section 97 of the 1988 Act: providing for transfers between the General Fund and the Collection Fund in relation to the billing authority's own demand on the latter.

- Fund Regulations made under section 99 of the 1988 Act: prescribing the timing of transactions specified in the sections of the 1988 Act cited above and arrangements for holding and investing surplus cash belonging to the fund.
- General Specifications and Directions made under sections 90(1), 90(2), 98(4) and 98(5) of the 1988 Act: specifying that interest on Fund investments with other parties, residual community charge receipts, contributions in aid, refunds and adjustments to community charge grant and precepts issued before 1993/94 must be accounted for in the Collection Fund and directing the transactions to be effected between the General Fund and the Collection Fund for the cash flow transfers, reliefs and adjustments, NDR reliefs and costs of collection and netted off payments made to and from billing and precepting authorities.

The effect on the Collection Fund is:

- Shares of non-domestic rating income to major preceptors and a billing authority are paid out of the Collection Fund and credited to the Comprehensive Income and Expenditure Statements of precepting and billing authorities. However, the transactions presented in the Collection Fund Statement are limited to the cash flows permitted by statute for the financial year, whereas each authority will recognise income on a full accruals basis (i.e. sharing out in full the surplus or deficit on the Collection Fund at the end of the year, even though it will be distributed to or recovered from the authorities in a subsequent financial year).
- The central share (after allowable deductions) of the non-domestic rating income is paid out of the Collection Fund to central government.
- Council tax precepts for major precepting authorities and a billing authority's demand on the fund are paid out of the Collection Fund and credited to the Comprehensive Income and Expenditure Statements of precepting and billing authorities. However, as with non-domestic rating income, the transactions presented in the Collection Fund Statement are limited to the cash flows permitted by statute for the financial year, whereas each authority will recognise income on a full accruals basis (i.e. sharing out in full the surplus or deficit on the Collection Fund at the end of the year, even though it will be distributed to or recovered from the authorities in a subsequent financial year).
- Parish precepts are paid from the General Fund of billing authorities and will be disclosed on the face of the Comprehensive Income and Expenditure Statement.
- Interest is not payable on cash flow transfers between the General Fund and the Collection Fund.
- The year-end surplus or deficit on the Collection Fund is to be distributed between billing and precepting authorities on the basis of estimates of the year-end balance made on 15th January for council tax and 31st January for non-domestic rates.

u) VAT

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

2. Accounting standards that have been issued but have not yet been adopted

The Code of Practice on Local Council Accounting in the United Kingdom 2014/15 (the Code) has introduced several changes in accounting policies which will be required from 1st April 2014. If these had been adopted for the financial year 2013/14 there would be no material changes as detailed below.

A number of new and revised standards have been issued addressing the accounting for consolidation, involvements in joint arrangements and disclosure of involvements in other entities. These include:

- **IFRS 10 Consolidated Financial Statements** – This standard introduces a new definition of control, which is used to determine which entities are consolidated for the purposes of group accounts. The Council does not have any subsidiaries and has one associate, Suffolk Coastal Services Limited. After due consideration, Suffolk Coastal Services Limited remains an associate under the revised definition, this would therefore have no impact on the 2013/14 Statement of Accounts. Further information is provided below in line with the new disclosure requirements of IFRS 12.
- **IFRS 11 Joint Arrangements** – This standard addresses the accounting for a 'joint arrangement', which is defined as a contractual arrangement over which two or more parties have joint control. These are classified as either a joint venture or a joint operation. In addition proportionate consolidation can no longer be used for jointly controlled entities. The Council has no joint venture arrangements.
- **IFRS 12 Disclosures of Involvement with Other Entities** – This is a consolidated disclosure standard requiring a range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates

and unconsolidated 'structured entities'. The Council's arrangement with Suffolk Coastal Services Limited is covered under IFRS12, therefore further disclosure have been made.

- An overview of Suffolk Coastal Services Limited is included at Note 37. The associate is owned by Norse Commercial Services Limited, which is a subsidiary of Norfolk County Council. Norse Limited holds eight 'A' shares and the Council two 'B' shares. 'A' shares entitle the holder to a preference dividend share before the remaining profits are distributed between 'A' and 'B' shareholders. 'B' shares do not carry dividend or distribution rights. In terms of voting rights, Norse Commercial Services Limited owns a majority (equal to 3 votes), whilst the Council has a minority (equal to 2 votes). Therefore, this is an associate of the Council and is accounted for accordingly.
- **IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures** – These statements have been amended to conform with the changes in IFRS 10, IFRS 11 and IFRS 12. Given that there would be no changes in the financial statements, except for disclosure, due to the changes to IFRS 10, IFRS 11 and IFRS 12, there is therefore also no impact as a result of changes in IAS 27 and IAS 28.

IAS 32 Financial Instruments Presentation – The Code references to amended application guidance when offsetting a financial asset and a financial liability. The gains and losses are separately identified on the Comprehensive Income and Expenditure Statement and therefore no further disclosure is required.

IAS 1 Presentation of the Financial Statements – The changes clarifies the disclosure requirements in respect of comparative information of the preceding period. The Statement of Accounts fully discloses comparative information for the preceding period therefore these changes will not have a material impact on the Statement of Accounts.

3. Critical judgements in applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council 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:

- There is a high degree of uncertainty about future levels of funding for Local Government. However, the Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Any potential legal claims by or against the Council are not adjusted in the accounts but are disclosed as part of Contingent Liabilities or Assets as required under the CIPFA Code.
- The Council has examined its leases, and classified them as either operational or finance leases. In some cases the lease transaction is not always conclusive and the Council uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In reassessing the lease the Council has estimated the implied interest rate within the lease to calculate interest and principal payments.
- Suffolk Coastal Services Limited continues to be recognised as an Associate in the Council's financial statements and Group Accounts have been prepared in 2013/14. The position will be reviewed annually and other areas potentially requiring Group Accounts will be kept under review.
- Business Rates Retention scheme came into operation from 1st April 2013 and as part of the National Non Domestic Rates (NNDR1) return in January 2013, the Council had to estimate the income expected to be received in 2013/14 based on a number of assumptions. The most significant assumption was in relation to the provision for appeals. The Council based the provision on Government guidance which was 5% of appeals that had been lodged with the Valuation Office, backdated for four years. During the financial year, the provision was increased following information received from the Valuation Office in relation to the outcome from a similar appeal hearing for one of the businesses within the District.

4. Assumptions made about the future and other major sources of estimation uncertainty

The preparation of Statement of Accounts 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 income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

NOTES TO THE CORE FINANCIAL STATEMENTS

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.</p> <p>The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £36k for every year that useful lives had to be reduced.</p> <p>Whilst this risk is inherent in the valuation process, any change to the useful lives of assets and the subsequent depreciation charge will not impact on the Council's usable reserve balances, as depreciation charges do not fall on the taxpayer and are removed in the Movement in Reserves Statement.</p>
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 Council with expert advice about the assumptions to be applied.</p>	<p>Whilst the effects on the net pensions liability of changes in individual assumptions can be measured, they are complex and inter related. Any change in estimates can have a material impact on the Council's Accounts. It is important to note, however, that the impact of pension costs is protected in the short to medium term under national pension arrangements.</p>
Arrears	<p>At 31st March 2014, the Council had a balance of sundry debtors of £2.735m. A review of significant balances suggested that an allowance for doubtful debts of £1.380m 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 an increase in the amount of the impairment of the doubtful debts would be required. If necessary such a sum could be met from reserves and balances in the short term. However, the ongoing monitoring of the Council's debt makes this scenario extremely unlikely.</p>
Housing Benefit Subsidy	<p>In preparing the accounts for the year the Council has submitted a grant claim to the Department for Work and Pensions in relation to Housing Benefit paid in the year to the value of £27.6 million. The grant claim is subject to detailed audit and the accounts have been prepared on the basis that all entries on the claim have been correctly stated.</p>	<p>If the auditor identifies errors or system weakness within the grant claim there is a risk the grant income shown within the accounts is over-stated. If this were to be the case, any shortfall would reduce the General Fund balance.</p>

NOTES TO THE CORE FINANCIAL STATEMENTS

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Business Rates Appeals	<p>From 1st April 2013, the Business Rates Retention scheme came into operation. The Council as Billing Authority collects all non domestic rates from local business and distributes these to Central Government (50%), Suffolk County Council (10%) and Suffolk Coastal District Council (40%).</p> <p>In arriving at the business rate retention value, the Council had to make a number of assumptions in January 2013. One of the key assumptions in arriving at the estimated amounts is in relation to the value of the outstanding appeals. The provision for the outstanding appeal costs was set at 5% based on the government's guidance for all businesses with the exception of one, which was based on the outcome of a similar appeal hearing which suggested 15% more appropriate. This resulted in a total provision value of £18.261m of which the Council's share is £7.304m.</p>	<p>If all the appeals were successful and the reduction in the individual businesses bills is more than the provision established, this would result in a loss of income to Central Government, Suffolk County Council and Suffolk Coastal District Council based on 50%, 10% and 40% respectively.</p> <p>If appeals are not successful or the reduction in a business's bill is less than the provision, this would result in more income to Central Government, Suffolk County Council and Suffolk Coastal District Council based on the same as above.</p> <p>A 1% increase / decrease in the provision equates to £1.491m of income, of which 40% impacts on the Council (£596k).</p>

5. Comprehensive Income and Expenditure Statement - Material Items of Income and Expense

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance. There are no items to disclose for 2013/14.

6. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 25th September 2014. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There were no adjusted Post Balance Sheet Events for the 2013/14 Accounts.

Where events taking place before this date did not relate to conditions at the Balance Sheet date but provided information that is relevant to an understanding of the Council's financial position, these events are disclosed as part of this note.

There were no non-adjusted Post Balance Sheet Events to disclose.

7. Movement In Reserves Statement - Adjustments Between Accounting Basis And Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against:

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment at the end of the financial year.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied Account

The Capital Grants Unapplied Account (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. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

NOTES TO THE CORE FINANCIAL STATEMENTS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2012/13	Usable Reserves				
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Adjustments Involving the Capital Adjustment Account:					
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>					
Charges for depreciation and impairment of non current assets	(2,206)	-	-	(2,206)	2,206
Revaluation losses on Property, Plant and Equipment	(107)	-	-	(107)	107
Amortisation of intangible assets	(58)	-	-	(58)	58
Capital grants and contributions that have been applied to capital financing	3,061	-	-	3,061	(3,061)
Revenue expenditure funded from capital under statute	(536)	-	-	(536)	536
Revenue expenditure funded from section 106 receipts	(50)	-	-	(50)	50
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(298)	-	-	(298)	298
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>					
Adjustment involving the Capital Grants Unapplied Account:					
Reversal of unapplied capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	840	-	(840)	-	-
Application of grants to capital financing	(230)	-	230	-	-
Adjustments involving the Capital Receipts Reserve:					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	196	(80)	-	116	(116)
Use of the Capital Receipts Reserve to finance new capital expenditure	-	27	-	27	(27)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(2)	2	-	-	-

NOTES TO THE CORE FINANCIAL STATEMENTS

2012/13	Usable Reserves			Total Usable Reserves	Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account		
	£'000	£'000	£'000	£'000	£'000
Adjustments involving the Deferred Capital Receipts Reserve				-	-
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	(114)	-	(114)	114
Adjustments involving the Pensions Reserve:					
Reversal of items relating to post employment benefits debited or credited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 22)	(2,569)	-	-	(2,569)	2,569
Employer's pensions contributions and direct payments to pensioners payable in the year	2698	-	-	2,698	(2,698)
Adjustments involving the Collection Fund Adjustment Account:				-	-
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	36	-	-	36	(36)
Total Adjustments	775	(165)	(610)	-	-

NOTES TO THE CORE FINANCIAL STATEMENTS

2013/14	Usable Reserves				
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Adjustments Involving the Capital Adjustment Account:					
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>					
Charges for depreciation and impairment of non current assets	(2,065)	-	-	(2,065)	2,065
Revaluation losses on Property, Plant and Equipment	(1,121)	-	-	(1,121)	1,121
Amortisation of intangible assets	(86)	-	-	(86)	86
Capital grants and contributions that have been applied to capital financing	447	-	-	447	(447)
Revenue expenditure funded from capital under statute	(650)	-	-	(650)	650
Revenue expenditure funded from section 106 receipts	(127)	-	-	(127)	127
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(3,223)	-	-	(3,223)	3,223
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>					
Capital expenditure charged against the General Fund balance	109	-	-	109	(109)
Adjustment involving the Capital Grants Unapplied Account					
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	658	-	(658)	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	127	127	(127)
Adjustments involving the Capital Receipts Reserve:					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,702	(1,702)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	672	-	672	(672)
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	(14)	14	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(2)	2	-	-	-

NOTES TO THE CORE FINANCIAL STATEMENTS

2013/14	Usable Reserves				
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Adjustments involving the Deferred Capital Receipts Reserve					
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2	(3)	-	(1)	1
Adjustments involving the Pensions Reserve:					
Reversal of items relating to post employment benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement (see note 33)	(2,955)	-	-	(2,955)	2,955
Employer's pensions contributions and direct payments to pensioners payable in the year	2,822	-	-	2,822	(2,822)
Adjustments involving the Collection Fund Adjustment Account:					
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(4,063)	-	-	(4,063)	4,063
Total Adjustments	(8,566)	(1,017)	(531)	(10,114)	10,114

NOTES TO THE CORE FINANCIAL STATEMENTS

8. 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 2012/13 and 2013/14.

	Balance 1 April 2012 £'000	Transfers Out 2012/13 £'000	Transfers In 2012/13 £'000	Balance 31 March 2013 £'000	Transfers Out 2013/14 £'000	Transfers in 2013/14 £'000	Balance 31 March 2014 £'000	Purpose of the Earmarked Reserve
General Fund:								
Actuarial Contributions	714	(189)	-	525	(356)	278	447	To meet the cost of lump sum payments to the Pension Fund and redundancy costs.
Benefit Verification	247	-	181	428	(178)	-	250	To provide a source of finance to implement Government legislative changes.
Business Incentive	1,051	(87)	-	964	(118)	-	846	To support economic development throughout the district.
Business Rate Equalisation	-	-	-	-	-	300	300	To provide a source of finance to equalise the effect of changes in Business Rate income.
Capital	1,523	-	640	2,163	-	1,437	3,600	To provide an additional source of finance for unspecified capital investment plans.
Climate Change	51	(24)	-	27	-	-	27	To provide an additional source of finance for initiatives to reduce climate change.
Coast Protection	145	-	-	145	-	-	145	To provide a source of finance to fund capital expenditure on coastal defences in the district.
Elections	11	-	18	29	-	18	47	To provide a source of finance for the Council to meet the cost of District elections which take place every four years.
Empty Property	-	-	-	-	-	100	100	To provide a source of finance for the Council to assist in bringing empty properties situated within the District back into use.
Flood Prevention	-	-	-	-	-	142	142	Following the Tidal Surge of 2013, this reserve has been established and provides a source of finance for flood prevention assistance.
Grants	228	(24)	40	244	(59)	60	245	To provide grant aid towards local voluntary and charitable organisations.
Housing and Planning Delivery	711	(273)	-	438	(110)	-	328	To provide a source of finance to fund service improvements in these service areas.
Housing Condition Survey	132	-	20	152	-	5	157	To meet the cost of the periodic survey of private sector housing within the district.

NOTES TO THE CORE FINANCIAL STATEMENTS

	Balance 1 April 2012 £'000	Transfers Out 2012/13 £'000	Transfers In 2012/13 £'000	Balance 31 March 2013 £'000	Transfers Out 2013/14 £'000	Transfers in 2013/14 £'000	Balance 31 March 2014 £'000	Purpose of the Earmarked Reserve
Insurance	-	-	110	110	-	-	110	To provide a source of finance for any uninsured losses.
Land Charges	47	-	-	47	-	-	47	To provide a source of finance to implement service enhancements.
Local Development Framework	128	(12)	51	167	(38)	100	229	To meet the costs arising from the periodic preparation and adoption of the Local Development Framework.
Localism	-	-	-	-	-	52	52	To provide a source of finance to community initiatives.
New Homes Bonus	251	(110)	488	629	(832)	734	531	To provide a source of finance to fund initiatives arising from the Big Society agenda.
Port Health	1,815	(193)	839	2,461	-	444	2,905	To provide a source of finance to support the future investment and development of the Council's infrastructure at the Port of Felixstowe.
Recycling and Waste Management	150	(89)	-	61	-	-	61	To provide a source of finance to fund the one-off costs associated with waste reduction.
Suffolk Energy Action Link	7	(1)	5	11	-	4	15	Monies held to promote energy efficiency across the district.
Transformation (formerly known as Efficiency Reserve)	470	(241)	-	229	(130)	-	99	To meet the cost of one-off investments in order to achieve long-term and continuing reductions in revenue expenditure and costs arising from shared services.
Total	7,681	(1,243)	2,392	8,830	(1,821)	3,674	10,683	

9. Comprehensive Income and Expenditure Statement- other operating expenditure

	2013/14 £'000	2012/13 £'000
Parish Council precepts	2,545	2,408
Council tax support grant to Parish Councils	195	
Payments to the Government Housing Capital Receipts Pool	2	2
Gains/losses on the disposal of non current assets	1,485	102
Total	4,227	2,512

10. Comprehensive Income and Expenditure Statement- financing and investment income

	2013/14 £'000	2012/13 £'000
Interest payable and similar charges	99	16
Pensions interest cost and expected return on pensions assets	1,222	1,115
Interest receivable and similar income (note 46)	(211)	(186)
Total	1,110	945

11. Comprehensive Income and Expenditure Statement- taxation and non specific grants

	2013/14 £'000	2012/13 £'000
Council tax income	(9,499)	(9,898)
Non domestic rates	(23,676)	(5,631)
Tariff payment to Suffolk County Council	16,338	-
Share of (surplus)/deficit on collection fund	4,147	-
Levy payment to Suffolk Business Rates Pool	673	-
Share of pooling benefit with other Suffolk Councils	(31)	-
Non-ring fenced government grants	(5,381)	(868)
Capital grant and contributions	(657)	(3,802)
Total	(18,086)	(20,199)

NOTES TO THE CORE FINANCIAL STATEMENTS

12. Property, plant and equipment

Movements in 2013/14:	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2013	181	33,396	6,495	26,029	113	392	136	66,742
Additions	-	49	260	18	-	-	-	327
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	899	-	-	(6)	(7)	-	886
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(638)	-	-	-	26	-	(612)
Derecognition - Disposals	-	(265)	-	-	-	(30)	-	(295)
Derecognition - Other	-	(22)	(1,468)	(4,073)	-	-	-	(5,563)
Assets reclassified (to)/from Held for Sale	(11)	(496)	-	-	-	(49)	-	(556)
Other movements in Cost or Valuation	-	(179)	7	-	6	173	(136)	(129)
At 31 March 2014	170	32,744	5,294	21,974	113	505	-	60,800
	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation and Impairment								
At 1 April 2013	-	705	5,443	7,054	-	12	-	13,214
Depreciation charge	4	656	444	961	-	-	-	2,065
Depreciation written out to the Revaluation Reserve	-	(517)	-	-	-	(2)	-	(519)
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	(195)	-	-	-	1	-	(194)
Derecognition - Disposals	-	(2)	-	-	-	-	-	(2)
Derecognition - Other	-	(22)	(1,332)	(1,481)	-	-	-	(2,835)
Other movements in Depreciation and Impairment	-	(2)	-	-	-	2	-	-
At 31 March 2014	4	623	4,555	6,534	-	13	-	11,729
Net Book Value								
At 31 March 2014	166	32,121	739	15,440	113	492	-	49,071
At 31 March 2013	181	32,691	1,052	18,975	113	380	136	53,528

NOTES TO THE CORE FINANCIAL STATEMENTS

Comparative Movements in 2012/13:								
	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation								
At 1 April 2012	208	33,582	7,962	23,916	95	593	39	66,395
Additions	-	21	52	2,113	-	-	136	2,322
Donations	-	-	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	1,274	-	-	-	-	-	1,274
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(27)	(301)	-	-	-	(4)	-	(332)
Derecognition - Disposals	-	(236)	(1,020)	-	(8)	(25)	-	(1,289)
Derecognition - Other	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	(1,102)	-	-	-	2	-	(1,100)
Other movements in Cost or Valuation	-	158	(499)	-	26	(174)	(39)	(528)
At 31 March 2013	181	33,396	6,495	26,029	113	392	136	66,742
Accumulated Depreciation and Impairment								
At 1 April 2012	12	938	6,380	6,170	2	-	-	13,502
Depreciation charge	4	743	575	884	-	-	-	2,206
Depreciation written out to the Revaluation Reserve	-	(726)	-	-	-	-	-	(726)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(16)	(209)	-	-	-	-	-	(225)
Derecognition - Disposals	-	(41)	(993)	-	-	-	-	(1,034)
Derecognition - Other	-	-	-	-	-	-	-	-
Other movements in Depreciation and Impairment	-	-	(519)	-	(2)	12	-	(509)
At 31 March 2013	-	705	5,443	7,054	-	12	-	13,214
Net Book Value								
At 31 March 2013	181	32,691	1,052	18,975	113	380	136	53,528
At 1 April 2012	196	32,644	1,582	17,746	93	593	39	52,893

NOTES TO THE CORE FINANCIAL STATEMENTS

Depreciation

Depreciation is charged on a straight-line basis over the estimated useful life of each depreciating asset. The estimated useful life of each category of asset is as follows:

	Estimated Life (Years)
Council Dwellings	40
Other Land and Buildings	Up to 40
Vehicles, Plant and Equipment	3 to 20
Infrastructure Assets	Up to 40
Community Assets	Up to 40
Other depreciating assets	Up to 40
Intangible Assets	Up to 5

Capital Commitments - At 31 March 2014, the Council did not have any contractual capital commitments.

Effects of Changes in Estimates

The Council has made no material changes to its accounting estimates for Property, Plant & Equipment. There were no changes to the useful life, residual value estimates or amortisation methods that had a material financial effect on the results for the current period or are expected to have an effect in subsequent periods.

Revaluations

The following statement shows the progress of the Council's programme of revaluation of Property, Plant and Equipment. The Council 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 by the Council's internal valuers. Valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The basis for valuation of non-current assets is set out in the Statement of Accounting Policies. There were no significant assumptions made by the valuer in the year. The effective date of revaluation of those assets revalued during 2013/14 is 1 April 2013. 2013/14 is 1 April 2013.

NOTES TO THE CORE FINANCIAL STATEMENTS

	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	-	-	5,295	21,973	112	12		27,392
Value at fair value as at:								
31 March 2014	-	26,461	-	-	-	378	-	26,839
31 March 2013	170	1,367	-	-	-	-	-	1,537
31 March 2012	-	4,069	-	-	-	33	-	4,102
31 March 2011	-	63	-	-	-	-	-	63
31 March 2010	-	786	-	-	-	81	-	867
31 March 2009								-
Total Cost or Valuation	170	32,746	5,295	21,973	112	504	0	60,800

Fair values include impairments

Gains / Losses on Disposal of Non-Current Assets

On disposal, both the capital receipt arising from asset sales and the carrying value of the asset at the point of disposal are taken to the Comprehensive Income and Expenditure Statement, and any difference between the two amounts is recognised as a gain or loss on disposal. It is important to highlight that gains and losses are not a charge on taxpayers or housing tenants, and the impact is reversed out in the Movement in Reserves Statement to ensure there is no real impact on fund balances for the year.

13. Heritage assets

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

Tangible Heritage Assets (all reported at Valuation)	Walton Old Hall £'000	Martello Tower £'000	Civic Regalia £'000	Roman Coins £'000	Total Assets £'000
1 April 2012	-	-	11	4	15
Transfer In	2	-	-	-	2
Revaluations	(2)	-	-	-	(2)
31 March 2013	-	-	11	4	15
Additions	-	13	-	-	13
Revaluations	-	(13)	-	-	(13)
31 March 2014	-	-	11	4	15

Summary of Heritage Asset transactions

Civic Regalia

The Council's Civic Regalia consists of the Chairman's Chain of Office, Badges of Office and the Office Crest. These items were purchased in 1974 when the district was formed as part of the Local Government Reorganisation. The valuation of these items has been determined on a new-for-old basis.

Roman Coins

In 1983 a Roman Pot containing a hoard of Roman coins was unearthed on a piece of land owned by the Council. The coins were dated between AD 249 and AD 275 and were valued by a local numismatic dealer, Schwer Coins in 1993 for £3,300. The Council is also in possession of a single gold aureus coin of Marcus Aurelius also found on the Council's land. This coin was valued at £330 in 1997 by Seaby Coins. In 2007 it was advised that these items would not have materially changed in value.

Martello Tower P

Martello Tower "P" is one of 103 towers built between 1805 and 1812 to resist a potential invasion by Napoleon. This scheduled ancient monument is also a listed building situated at South Felixstowe and is currently being used by the National Coastwatch Institution. The tower has been valued at de-minimis by the Council's internal qualified valuers.

Scallop Shell Memorial

The Scallop Shell positioned on the beach at Aldeburgh was built in memorial to Benjamin Britten, one of the twentieth-century's most important composers who spent much of his life in Aldeburgh and near by Snape. This tribute was built in 2003 by local craftsmen J. T. Pegg & Sons Ltd and was later donated to the Council by the artist, Maggi Hambling and by the Adnams Charity which co-ordinates the raising of funds. This asset is not being held on the Council's balance sheet as it gives no value to the Council.

Walton Old Hall Ruins

The Walton Old Hall dates back to the 13th Century. It was originally built and established as an important Manor at Walton by the powerful Bigod family. Large ruins of the Old Hall still remained in the 18th Century but the last major portion fell during a high storm in the 1800's and today only ruins remain. The ruins have been valued at de-minimis by the Council's internal qualified valuers.

14. Intangible assets

The Council accounts for its material software licences as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The Council has no Internally Generated Assets.

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 Council. The useful life assigned to the major software suites used by the Council is between 5 and 7 years. The carrying amount of intangible assets is amortised on a straight-line basis.

The movement on Intangible Asset balances during the year is as follows:

NOTES TO THE CORE FINANCIAL STATEMENTS

	2013/14		2012/13	
	Other Assets	Total	Other Assets	Total
	£'000	£'000	£'000	£'000
Balance at start of year:				
• Gross carrying amount	1,185	1,185	677	677
• Accumulated amortisation	(1,047)	(1,047)	(574)	(574)
Net carrying amount at start of year	138	138	103	103
Additions:				
• Purchases	241	241	78	78
Net Transfers In				
• Gross carrying amount	129	129	526	526
• Accumulated amortisation	1	1	(507)	(507)
Other disposals				
• Gross carrying amount	(411)	(411)	(96)	(96)
• Accumulated amortisation	405	405	93	93
Amortisation for the period	(86)	(86)	(59)	(59)
Net carrying amount at end of year	417	417	138	138
Comprising				
• Gross carrying amount	1,144	1,144	1,185	1,185
• Accumulated amortisation	(727)	(727)	(1,047)	(1,047)
	417	417	138	138

There is one item of capitalised software that is individually material to the financial statements.

	Carrying Amount		Remaining Amortisation Period
	31 March	31 March	
	2014	2013	
	£'000	£'000	
Uniform Licences and Operating System	221	-	6 Years

Effects of Changes in Estimates

The Council has made no material changes to its accounting estimates for Intangible Assets. There were no changes to the useful life, residual value estimates or amortisation methods that had a material financial effect on the results for the current period or are expected to have an effect in subsequent periods.

Capital Commitments

At 31 March 2014, the Council has no capital commitments in relation to Intangible Assets (31 March 2013 nil).

15. Financial instruments

Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

NOTES TO THE CORE FINANCIAL STATEMENTS

	Long-term			Current		
	31 March 2014	31 March 2013	1 April 2012	31 March 2014	31 March 2013	1 April 2012
	£'000	£'000	£'000	£'000	£'000	£'000
Investments						
Loans and receivables	-	8	8	34,972	20,383	21,020
Total investments	-	8	8	34,972	20,383	21,020
Debtors						
Loans and receivables	38	41	41	2,552	1,830	6,096
Total debtors	38	41	41	2,552	1,830	6,096
Creditors						
Financial liabilities at amortised cost	-	-	-	(3,316)	(2,118)	(2,732)
Total creditors	-	-	-	(3,316)	(2,118)	(2,732)
Total Financial Instruments	38	49	49	34,208	20,095	24,384

Income, Expense, Gains and Losses

	2013/14			2012/13		
	Financial liabilities measured at amortised cost	Financial assets - loans and receivables	Total	Financial liabilities measured at amortised cost	Financial assets - loans and receivables	Total
	2013/14 £'000	£'000	2013/14 £'000	2012/13 £'000	2012/13 £'000	2012/13 £'000
Interest expense	99	-	99	16	-	16
Total expense in Surplus or Deficit on the Provision of Services	99	-	99	16	-	16
Interest income	-	(211)	(211)	-	(186)	(186)
Total income in Surplus or Deficit on the Provision of Services	-	(211)	(211)	-	(186)	(186)
Net (gain) / loss for the year	99	(211)	(112)	16	(186)	(170)

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors 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:

- 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 invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2014		31 March 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Financial liabilities	3,316	3,316	2,118	2,118

NOTES TO THE CORE FINANCIAL STATEMENTS

	31 March 2014		31 March 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Loans and receivables	37,562	37,562	22,262	22,262

16. Inventories

	Other Minor Stocks		Works in Progress		Total	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
	£'000	£'000	£'000	£'000	£'000	£'000
Balance outstanding at start of year	24	30	45	30	69	60
Purchases	15	32	2	15	17	47
Recognised as an expense in the year	(20)	(38)	(32)	-	(52)	(38)
Balance outstanding at year-end	19	24	15	45	34	69

17. Debtors

	31 March 2014	31 March 2013
	£'000	£'000
Central Government bodies	175	325
Other Local Authorities	1,209	908
NHS	-	-
Public Corporations and trading funds	20	29
Council Taxpayers	591	459
Other entities and individuals	2,735	2,792
Prepayments	84	95
Total	4,814	4,608
less Bad Debt Impairment Provisions		
Council Taxpayers	(258)	(144)
Other service debtors	(1,380)	(1,169)
Total	3,176	3,295

18. Assets held for sale

	Current	
	2013/14	2012/13
	£'000	£'000
Balance outstanding at start of year	1,111	52
Assets newly classified as held for sale:		
Property, Plant and Equipment	556	1,111
Revaluation losses	(692)	-
Assets declassified as held for sale:		
Property, Plant and Equipment	-	(11)
Assets sold	(196)	(41)
Balance outstanding at year-end	779	1,111

19. Creditors

	31 March 2014 £'000	31 March 2013 £'000
Central Government bodies	5,108	4,435
Other Local Authorities	3,258	622
NHS bodies	-	-
Public corporations and trading funds	17	39
Other entities and individuals	1,266	1,027
Receipts in Advance	1,181	1,126
Total	10,830	7,249

20. Provisions

<u>Long Term Provisions</u>	31 March 2014 £'000	31 March 2013 £'000
Balance at 1 April 2013	20	20
Additional provisions made in 2013/14	7,304	-
Amounts used in 2013/14	-	-
Unused amounts reversed in 2013/14	-	-
Unwinding of discounts in 2013/14	-	-
Balance at 31 March 2014	7,324	20

Outstanding Legal Cases

The Council has no substantial legal cases in progress that required provision in the accounts.

Provisions

The provision of £20k in relation to Municipal Mutual Insurance (MMI) is based on the fact that the Scheme Administrator (Ernst and Young) has modelled a number of projected outcomes for MMI, and has indicated that a Levy of up to 28% of claims could be required to achieve a projected solvent run-off. The Council has paid during 2013/14 its Levy equivalent to 15% of the claims (£23k) and therefore established a provision to cover the possibility of a further Levy equivalent to 13% of claims.

As part of the new Business Rates Retention scheme, the Council is now required to establish a provision for its share of the business rates appeals provision shown within the Collection Fund. The appeals provision presents those appeals that have been registered with the Valuation Office. The total appeals provision in the Collection Fund is £18.261m, of which the Council's share is 40% resulting in the additional provision of £7.304m shown above.

As part of the calculation for Business Rates appeals provision, a review of all appeals lodged since 2010 was undertaken. This review identified that the majority of the appeals were made in the first year i.e. 2010 when the revaluation was carried out. Whilst the Council has taken all the necessary measures to ensure that a sufficient provision is set aside for 2013/14 financial year for these appeals, it has not ruled out that further appeals could be made and backdated to 2010. However, these were not considered to be of material impact to the Council's revenue from the Business Rate income.

NOTES TO THE CORE FINANCIAL STATEMENTS

21. Grant income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

	2013/14 £'000	2012/13 £'000
Credited to Taxation and Non-Specific Grant Income		
Redistribution of non domestic rates	-	(5,631)
Non-ring fenced government grants	(5,381)	(868)
Capital grant and contributions	(657)	(3,802)
Total	(6,038)	(10,301)
Credited to Services		
Council Tax Benefits Subsidy	2	(7,009)
Housing Benefits Subsidy	(27,213)	(27,278)
Benefits Administration Grant	(593)	(670)
Disabled Facilities Grants	(435)	(510)
Warmer Homes Healthy People	(508)	-
Business Support Scheme (Flooding)	(153)	-
Other Grants	(310)	(174)
Total	(29,210)	(35,641)

The Council has received grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver. The balances at the year-end are as follows:

	31 March 2014 £'000	31 March 2013 £'000
Capital Grants Receipts in Advance (Short-Term)		
s106 Contributions	112	122
Coast Protection	-	-
Total	112	122
Capital Grants Receipts in Advance (Long-Term)		
s106 Contributions	926	1,087
Total	926	1,087

22. Balance Sheet – Unusable Reserves

	31st March 2014 £'000	31st March 2013 £'000
Revaluation Reserve	(12,471)	(11,384)
Capital Adjustment Account	(36,981)	(42,580)
Deferred Capital Receipts Reserve	(88)	(90)
Pensions Reserve	31,978	27,697
Collection Fund Adjustment Account	4,047	(16)
Total Unusable Reserves	(13,515)	(26,373)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. 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

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.

	2013/14	2012/13
	£'000	£'000
Balance at 1 April	(11,384)	(9,698)
Upward revaluation of assets	(3,571)	(2,157)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	2,167	157
Surplus or deficit on revaluation of non-current assets posted to the Comprehensive Income and Expenditure Statement	(1,404)	(2,000)
Difference between fair value depreciation and historical cost depreciation	108	165
Accumulated gains on assets sold or scrapped	209	149
Amount written off to the Capital Adjustment Account	317	314
Balance at 31 March	(12,471)	(11,384)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences 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 Council 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 Council. 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 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

NOTES TO THE CORE FINANCIAL STATEMENTS

	2013/14 £'000	2012/13 £'000
Balance at 1 April	(42,580)	(42,434)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure		
- Charges for depreciation and impairment of non current assets	2,065	2,206
- Revaluation losses on Property, Plant and Equipment	1,121	107
- Amortisation of intangible assets	86	58
- Revenue expenditure funded from capital under statute	650	536
- Revenue expenditure funded from section 106 receipts	127	50
- Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3,223	298
Adjusting amounts written out of the Revaluation Reserve		
- Amortisation of Revaluation Reserve	(108)	(165)
- Amounts written out on disposal of assets	(209)	(149)
Capital financing applied in the year:		
- Use of Capital Receipts Reserve to finance new capital expenditure	(672)	(26)
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(575)	(3,061)
• Capital expenditure charged against the General Fund balance	(109)	-
Balance at 31 March	(36,981)	(42,580)

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the proceeds recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2013/14 £'000	2012/13 £'000
Balance at 1 April	(90)	(88)
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	(116)
Transfer to the Capital Receipts Reserve upon receipt of cash	2	114
Balance at 31 March	(88)	(90)

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 Council 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 Council makes employer's contributions to pension funds or eventually pays 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 Council 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

	2013/14 £'000	2012/13 £'000
Balance at 1 April	27,697	23,855
Actuarial gains or losses on pensions assets and liabilities	4,148	3,971
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	2,955	2,569
Employer's pensions contributions and direct payments to	(2,822)	(2,698)
Balance at 31 March	31,978	27,697

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2013/14 £'000	2012/13 £'000
Balance at 1 April	(16)	20
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements.	4,063	(36)
Balance at 31 March	4,047	(16)

NOTES TO THE CORE FINANCIAL STATEMENTS

23. Amounts reported for resource allocation decisions (segmental reporting)

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice (SeRCOP). However, decisions about resource allocation are taken by the Council's Cabinet on the basis of budget reports analysed across Strategic Priority Themes. 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, revaluation and 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.

The income and expenditure of the Council's services as recorded in the budget reports for the year is as follows:

Service Income and Expenditure	2013/14								
	Community Health £'000	Customers & Communities £'000	Green Environment and Operational Partnerships £'000	Housing £'000	Leader £'000	Leisure, Tourism and Economic Development £'000	Planning £'000	Resources £'000	Total £'000
Fees, charges & other service income	(4,425)	(22)	(3,433)	(1,365)	-	(1,657)	(1,511)	(1,072)	(13,485)
Government grants	(44)	(41)	(7)	(28,650)	-	(55)	-	(153)	(28,950)
Total Income	(4,469)	(63)	(3,440)	(30,015)	-	(1,712)	(1,511)	(1,225)	(42,435)
Employee expenses	2,712	125	623	1,281	87	1,054	1,584	786	8,252
Other service expenses	1,032	288	6,829	29,236	23	2,842	526	1,107	41,883
Support services recharges	587	80	241	704	(74)	430	826	1,844	4,638
Total Expenditure	4,331	493	7,693	31,221	36	4,326	2,936	3,737	54,773
Net Expenditure	(138)	430	4,253	1,206	36	2,614	1,425	2,512	12,338

Between year variances are broadly due to;
 Resources - additional investment income
 Economic Development - additional coastal management costs
 Green Environment & Operational Partnerships - reduction in other service expenses primarily arising from savings within the SCS partnership. Reduced recycling credits income.
 Housing - variation at total income and expenditure level around benefits subsidy payments.

NOTES TO THE CORE FINANCIAL STATEMENTS

Service Income and Expenditure	2012/13 Comparative Figures								
	Community Health £'000	Customers & Communities £'000	Green Environment and Operational Partnerships £'000	Housing £'000	Leader £'000	Leisure, Tourism and Economic Development £'000	Planning £'000	Resources £'000	Total £'000
Fees, charges & other service income	(4,725)	(7)	(3,281)	(1,836)	-	(1,640)	(1,632)	(1,131)	(14,252)
Government grants	(49)	(27)	(11)	(35,515)	-	(43)	(52)	(8)	(35,705)
Total Income	(4,774)	(34)	(3,292)	(37,351)	-	(1,683)	(1,684)	(1,139)	(49,957)
Employee expenses	2,684	52	629	1,209	69	1,049	1,431	640	7,763
Other service expenses	1,235	233	6,653	36,616	22	2,866	811	1,486	49,922
Support services recharges	462	43	160	731	(62)	580	911	1,838	4,663
Total Expenditure	4,381	328	7,442	38,556	29	4,495	3,153	3,964	62,348
Net Expenditure	(393)	294	4,150	1,205	29	2,812	1,469	2,825	12,391

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

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

	2013/14 £'000	2012/13 £'000
Net expenditure in the Service Analysis	12,338	12,391
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	2,963	2,069
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	-	-
Cost of Services in Comprehensive Income and Expenditure Statement	15,301	14,460

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of service 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

	2013/14								
	Service Analysis £'000	Services and Support Services not in Analysis £'000	Amounts not reported to mgmt £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Authority Total £'000	Group Accounting Items £'000	Group Total £'000
Fees, charges & other service income	(13,485)	-	-	-	(13,485)	-	(13,485)	-	(13,485)
Surplus or deficit on associates and joint	-	-	-	-	-	-	-	(55)	(55)
Interest and investment income	-	-	-	-	-	(211)	(211)	-	(211)
Income from council tax	-	-	-	-	-	(9,499)	(9,499)	-	(9,499)
Government grants and contributions	(28,950)	-	-	-	(28,950)	(8,587)	(37,537)	-	(37,537)
Total Income	(42,435)	-	-	-	(42,435)	(18,297)	(60,732)	(55)	(60,787)
Employee expenses	8,252	-	-	-	8,252	-	8,252	-	8,252
Other services expenses	41,883	-	-	-	41,883	-	41,883	-	41,883
Support Service recharges	4,638	-	-	-	4,638	-	4,638	-	4,638
Depreciation, amortisation and impairment	-	-	2,963	-	2,963	-	2,963	-	2,963
Interest Payments	-	-	-	-	-	1,321	1,321	-	1,321
Precepts & Levies	-	-	-	-	-	2,545	2,545	-	2,545
Council tax Support Grant to Parish Councils	-	-	-	-	-	195	195	-	195
Payments to Housing Capital Receipts Pool	-	-	-	-	-	2	2	-	2
Gain or Loss on Disposal of Non-Current Assets	-	-	-	-	-	1,485	1,485	-	1,485
Total Expenditure	54,773	-	2,963	-	57,736	5,548	63,284	-	63,284
Surplus or deficit on the provision of services	12,338	-	2,963	-	15,301	(12,749)	2,552	(55)	2,497

NOTES TO THE CORE FINANCIAL STATEMENTS

	2012/13 Comparative Figures								
	Service Analysis £'000	Services and Support Services not in Analysis £'000	Amounts not reported to mgmt £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000	Group Accounting Items £'000	Group Total £'000
Fees, charges & other service income	(14,252)	-	-	-	(14,252)	-	(14,252)	-	(14,252)
Surplus or deficit on associates and joint	-	-	-	-	-	-	-	(51)	(51)
Interest and investment income	-	-	-	-	-	(186)	(186)	-	(186)
Income from council tax	-	-	-	-	-	(9,898)	(9,898)	-	(9,898)
Government grants and contributions	(35,705)	-	-	-	(35,705)	(10,301)	(46,006)	-	(46,006)
Total Income	(49,957)	-	-	-	(49,957)	(20,385)	(70,342)	(51)	(70,393)
Employee expenses	7,763	-	-	-	7,763	-	7,763	-	7,763
Other services expenses	49,922	-	-	-	49,922	-	49,922	-	49,922
Support Service recharges	4,663	-	-	-	4,663	-	4,663	-	4,663
Depreciation, amortisation and impairment	-	-	2,069	-	2,069	-	2,069	-	2,069
Interest Payments	-	-	-	-	-	1,131	1,131	-	1,131
Precepts & Levies	-	-	-	-	-	2,408	2,408	-	2,408
Payments to Housing Capital Receipts Pool	-	-	-	-	-	2	2	-	2
Gain or Loss on Disposal of Non-Current Assets	-	-	-	-	-	102	102	-	102
Total Expenditure	62,348	-	2,069	-	64,417	3,643	68,060	-	68,060
Surplus or deficit on the provision of services	12,391	-	2,069	-	14,460	(16,742)	(2,282)	(51)	(2,333)

24. Agency services

The Council operates an agency agreement whereby it maintains some highway verges on behalf of Suffolk County Council. An analysis of the income and expenditure is shown below.

	2013/14	2012/13
	£'000	£'000
Grass Cutting		
Expenditure	141	146
Income	(66)	(61)
Net (surplus)/deficit	75	85
Tree Maintenance		
Expenditure	18	18
Income	(33)	(20)
Net (surplus)/deficit	(15)	(2)
Total Agency Services		
Expenditure	159	164
Income	(99)	(81)
Net (surplus)/deficit	60	83

25. Trading operations

The Council does not operate any trading operations.

26. Members' allowances

There are 55 elected members of the Council. The Council paid the following amounts to elected Members during the year.

	2013/14	2012/13
	£'000	£'000
Basic, Attendance and Special Responsibility Allowances	318	314
Subsistence and Expenses	19	20
Total	337	334

27. External Audit costs

The Council 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 Council's external auditors.

	2013/14	2012/13
	£'000	£'000
Fees payable to Ernst and Young LLP with regard to external audit services carried out by the appointed auditor for the year	66	66
Fees payable to Ernst and Young LLP for the certification of grant claims and returns for the year	19	29
Total	85	95

28. Related parties

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council 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 Council.

UK Government

Central Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax Demands, Housing Benefits, etc.). Grants received from Government departments are set out in note 21 along with details of any amounts received but not yet recognised in the CIES due to outstanding conditions at the Balance Sheet date.

Waveney District Council

Waveney District Council and Suffolk Coastal District Council have formally agreed that both Councils are each other preferred partners for shared services, and with effect from 1 October 2010 a shared senior management structure is in place to run services for both Councils. Further information on the partnership with Waveney DC is disclosed in the Explanatory Foreword and Note 29 to the Core Financial Statements.

Suffolk County Council

Transactions included income relating to Waste recycling credits of £1.856m.

Members and Chief Officers

Members and Chief Officers of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2013/14 is shown in note 26. During 2013/14, the Council made payments totalling £214k (£97k in 2012/13) to various organisations in which Members had an interest. Any contracts were entered into in full compliance with the Council's standing orders, and any grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to awarding of the contract or grant.

Levies paid to other Authorities

Rivers and Drainage Authorities £67k

NOTES TO THE CORE FINANCIAL STATEMENTS

29. Officers' remuneration and exit packages

The remuneration paid to senior employees is set out in the table below. No bonuses were paid in 2013/14 or 2012/13.

		Salary, Fees and Allowances	Benefits in Kind (e.g. Car Allowances)	Compensation for Loss of Office	Total Excluding Pension Contributions	Employer's Pension Contribution	Total Including Pension Contributions	Additional Council Pension Contributions
		£	£	£	£	£	£	£
Chief Executive	2013/14	128,061			128,061	19,487	147,548	-
	2012/13	128,061	-	-	128,061	26,989	155,050	-
Strategic Director	2013/14	82,236	-	-	82,236	12,514	94,750	-
	2012/13	82,236	-	-	82,236	17,331	99,567	-
Head of Financial Services	2013/14	59,126	-	-	59,126	8,997	68,123	-
	2012/13	59,126	-	-	59,126	12,461	71,587	-
Audit Partnership Manager	2013/14	57,506	-	-	57,506	8,751	66,257	-
	2012/13	57,506	-	-	57,506	12,119	69,625	-
Head of Planning Services & Coastal Management	2013/14	68,895	-	-	68,895	10,484	79,379	-
	2012/13	68,895	-	-	68,895	14,520	83,415	-
Head of Legal and Democratic Services	2013/14	59,126	-	-	59,126	8,997	68,123	-
	2012/13	59,126	-	-	59,126	12,461	71,587	-
Head of Environmental Services and Port Health	2013/14	57,506	-	-	57,506	8,751	66,257	-
	2012/13	57,506	-	-	57,506	12,119	69,625	-
Head of Community and Economic Services	2013/14	53,508	-	-	53,508	8,129	61,637	-
	2012/13	57,232	-	-	57,232	12,331	69,563	-

No employees were paid in excess of £150,000 in the year, therefore no additional disclosure of employee names is required.

NOTES TO THE CORE FINANCIAL STATEMENTS

The total number of employees (which includes the senior employees on the previous page) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were as follows:

Remuneration band	2013/14		2012/13	
	Number of employees Total	Left in Year	Number of employees Total	Left in Year
£50,000 - £54,999	4	-	3	-
£55,000 - £59,999	6	-	9	1
£60,000 - £64,999	-	-	-	-
£65,000 - £69,999	2	1	1	-
£70,000 - £74,999	-	-	1	1
£75,000 - £79,999	-	-	-	-
£80,000 - £84,999	1	-	1	-
£85,000 - £89,999	-	-	-	-
£90,000 - £94,999	-	-	-	-
£95,000 - £99,999	-	-	-	-
£100,000 - £104,999	-	-	-	-
£105,000 - £109,999	-	-	-	-
£110,000 - £114,999	-	-	-	-
£115,000 - £119,999	-	-	-	-
£120,000 - £124,999	-	-	-	-
£125,000 - £129,999	1	-	1	-
	14	1	16	2

The above numbers include officers who were made redundant voluntarily during the 2013/14 and 2012/13 financial years, and whose remuneration may not have normally been included within the limits of the above table, but who had received a redundancy payment which increased their earnings to over the minimum of £50k. An additional column in the Table below shows leavers.

With effect from 1 October 2010 the Council, in conjunction with its Preferred Partner, Waveney District Council, a new shared senior management team was formed. This has since been extended to include majority of the staff as part of the shared services. The postholders continue to be employed by the Council which employed them prior to the introduction of the shared Senior Management Team. Details of the total costs of the integrated management team, reflecting total contributions (inclusive of salary and expense payments made, as well as National Insurance and Pension Fund contributions) are set out in a separate analysis below. Five of the Senior Management Team referred to above are employed by Waveney District Council (WDC) and their remuneration, in the format of the table above, is disclosed in that Council's Statement of Accounts.

The notes above set out the Council's Senior Management Team and explains that a number are employees of Waveney District Council (WDC), (so are included in WDC's Statement of Accounts, under the appropriate salary bandings). The note below sets out how this Council reimburses WDC for its 50% share of the relevant employment costs, and the corresponding 50% reimbursement from WDC to this Council's employment costs. In addition other transactions are disclosed in Note 28, Related Parties.

NOTES TO THE CORE FINANCIAL STATEMENTS

	2013/14	2013/14	2012/13	2012/13
	Expenditure by SCDC	Expenditure by WDC	Expenditure by SCDC	Expenditure by WDC
	£	£	£	£
Shared Senior Management costs				
Chief Executive	174,736	-	173,170	-
Strategic Director	109,981	-	110,415	-
Assistant Chief Executive	-	109,704	-	109,900
Director of Resources	-	113,669	-	113,753
Head of Environmental Services and Port Health	78,245	-	77,974	-
Head of Customer Services and Commercial Partnerships	-	79,240	-	77,388
Head of Planning Services	93,611	47	91,346	-
Head of Legal and Democratic Services	78,376	-	78,143	-
Head of Strategic Housing and Tenant Services	-	76,277	-	76,693
Head of ICT and Corporate Services	179	100,094	-	78,600
Head of Revenues and Benefits (Part Year)	-	37,686	-	77,516
Head of Financial Services	77,863	2,048	79,792	3,085
Head of Community and Economic Services	71,839	367	82,317	-
Senior Management direct support costs	53,232	87,888	51,834	86,494
Total spend	738,062	607,020	744,991	623,429
Net adjustment between councils	(65,521)	65,521	(60,781)	60,781
	672,541	672,541	684,210	684,210

NOTES TO THE CORE FINANCIAL STATEMENTS

Exit packages

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit package cost band (including special payments)	Number of Compulsory redundancies		Number of other departures agreed		Total number of exit by cost band		Total cost of exit packages in each band	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
							£	£
£0 - £20,000	3	3	5	9	8	12	99,320	61,945
£20,001 - £40,000	-	1	1	4	1	5	22,886	130,373
TOTAL	3	4	6	13	9	17	122,206	192,318

The total cost in the above table covers exit packages (also known as termination benefits) that have been agreed, accrued for and charged to the Council's Comprehensive Income and Expenditure Statement for the disclosed financial years. The figures exclude payments made for ill-health retirements, (of which there was one member of staff amounting to £115k (no members of staff in 2012/13)), as they are not discretionary and do not therefore meet the definition of termination benefits under the CIPFA Code of Practice.

30. Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below along with how it has been financed. The Council remains debt-free and has no Capital Financing Requirement.

NOTES TO THE CORE FINANCIAL STATEMENTS

	2013/14 £'000	2012/13 £'000
Opening Capital Financing Requirement	-	-
<i>Capital investment</i>		
Property, Plant and Equipment*	327	2,322
Heritage Assets*	13	-
Intangible Assets*	241	78
Revenue Expenditure Funded from Capital under Statute	650	536
	1,230	2,936
Total Capital Investment	1,230	2,936
<i>Sources of finance</i>		
Capital receipts	(672)	(26)
Government grants and other contributions	(448)	(2,910)
Sums set aside from revenue:		
Direct revenue contributions	(110)	-
	(1,230)	(2,936)
Closing Capital Financing Requirement	-	-

* These figures match to the Additions lines in Notes 12, 13 and 14 detailing movements on the non-current assets.

Revenue Expenditure Funded from Capital under Statute

Legislation allows some expenditure to be classified as Capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non-current asset, for example capital grants made to third parties. These costs are written off to the relevant service revenue account in the year that they are incurred, but are reversed in the Movement in Reserves Statement to ensure there is no impact on the level of Council Tax.

31. Leases

Disclosures as Lessee

Operating Leases

The Council has acquired a number of assets by entering into operating leases. The future minimum lease payments due under operating leases in future years are:

	Other Land and Buildings	
	31 March 2014	31 March 2013
	£'000	£'000
Not later than one year	61	55
Later than one year and not later than five years	220	3
Later than five years	259	2
	540	60

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

NOTES TO THE CORE FINANCIAL STATEMENTS

	Other Land and Buildings	
	2013/14 £'000	2012/13 £'000
Minimum lease payments ;		
Cultural, Environmental, Regulatory and Planning Services -		
Lease of land at Sweffling	2	1
Offices of the Port Health Authority.	52	52
Woodbridge Tourist Information Centre	6	4
Other minor leases	1	1
	61	58

Disclosures as Lessor

Finance Leases

The Council leases out property under finance leases primarily for the provision of cultural services.:

The Council's gross investment in finance leases is made up of the minimum lease payments expected to be received over the remaining lease term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in assets acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	31 March 2014 £'000	31 March 2013 £'000		
Finance lease debtor (net present value of minimum lease payments):				
non current	4	4		
Unearned finance income	9	9		
Gross investment in the lease	13	13		
The gross investment in the lease and the minimum lease payments will be received over the following periods:				
	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2014 £'000	31 March 2013 £'000	31 March 2014 £'000	31 March 2013 £'000
Later than one year and not later than five years	1	1	1	1
Later than five years	12	12	12	12
	13	13	13	13

Operating Leases

The Council leases out property under operating leases primarily for the provision of community services, such as sports facilities, tourism services, etc., to provide suitable affordable accommodation for local businesses and to facilitate the housing needs of the district.

Movements included within Property, Plant and Equipment (Note 12) relating to assets provided under operating leases are:

NOTES TO THE CORE FINANCIAL STATEMENTS

Movements in 2013/14:	Dwellings	Other Land & Buildings	Total Property, Plant and Equipment	Held for Sale
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 April 2013	170	16,094	16,264	-
Additions	-	49	49	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	(1,948)	(1,948)	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(789)	(789)	-
Derecognition - Disposals	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	(32)	(32)	32
At 31 March 2014	170	13,374	13,544	32
Accumulated Depreciation and Impairment				
At 1 April 2013	-	187	187	-
Depreciation charge	4	413	417	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	(416)	(416)	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(108)	(108)	-
At 31 March 2014	4	76	80	-
Net Book Value				
At 31 March 2014	166	13,298	13,464	32
At 31 March 2013	170	15,907	16,077	-

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

	31 March 2014	31 March 2013
	£'000	£'000
Not later than one year	200	176
Later than one year and not later than five years	700	736
Later than five years	2,326	2,088
	3,226	3,000

32. Impairment losses

During 2013/14, the Council has not been required to recognise any impairment losses or impairment reversals in relation to its Property, Plant and Equipment and Intangible Asset balances in the Comprehensive Income and Expenditure Statement. 2012/13 £Nil

33. Pensions

Participation in the pension scheme

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

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

Transactions relating to post employment benefits

Retirement benefits are reported in the 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 and Housing Revenue Account 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:

NOTES TO THE CORE FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement	Local Government Pension Scheme	
	2013/14	Restated 2012/13
	£'000	£'000
<i>Cost of Services:</i>		
Current service cost	1,727	1,412
Past Service cost	6	42
<i>Financing and investment income</i>		
Net interest expense	1,222	1,115
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	2,955	2,569
 <i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
 Remeasurement of the net defined benefit comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	1,256	(5,559)
Actuarial gains and losses arising on changes in demographic assumptions	1,910	-
Actuarial gains and losses arising on changes in financial assumptions	2,484	9,670
Other	(1,536)	(140)
 <i>Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement</i>	4,114	3,971
 <i>Movement in Reserves Statement</i>		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(2,955)	(2,569)
 <i>Actual amount charged against the General Fund Balance for pensions in the Employers' contributions payable to scheme</i>	2,788	2,698

Pension Assets and Liabilities recognised in the Balance Sheet	Local Government Pension Scheme	
	2013/14	Restated 2012/13
	£'000	£'000
Present value of the defined benefit obligation	(100,998)	(95,150)
Fair value of plan assets	69,020	67,453
	(31,978)	(27,697)
 Other movements in the liability (asset)	-	-
 Net liability arising from defined benefit obligation	(31,978)	(27,697)

NOTES TO THE CORE FINANCIAL STATEMENTS

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

	Local Government Pension Scheme	
	2013/14	Restated 2012/13
	£'000	£'000
Opening balance 1 April	67,453	59,005
Interest Income	3,029	2,834
Effect of Settlements	-	-
Remeasurement gain/(loss):	-	-
The return on plan assets, excluding the amount included in net interest expense	(1,256)	5,559
Other	-	-
Employer contributions	2,788	2,698
Contributions by scheme participants	474	482
Benefits paid	(3,468)	(3,125)
Closing balance at 31 March	<u>69,020</u>	<u>67,453</u>

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

	Local Government Pension Scheme	
	2013/14	Restated 2012/13
	£'000	£'000
Opening balance 1 April	95,150	82,860
Current service cost	1,727	1,412
Interest cost	4,251	3,949
Contributions by scheme participants	474	482
Remeasurement of the net defined benefit comprising:		
Actuarial gains and losses arising on changes in demographic assumptions	1,910	-
Actuarial gains and losses arising on changes in financial assumptions	2,484	9,670
Other	(1,536)	(140)
Past service costs	6	42
Benefits paid	(3,468)	(3,125)
Closing balance at 31 March	<u>100,998</u>	<u>95,150</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

Local Government Pension Scheme assets comprised: (Active Markets unless otherwise stated)	Fair Value of Scheme Assets	
	2013/14 £'000	2012/13 £'000
Equity Instruments		
Consumer	5,992	5,613
Manufacturing	3,649	3,579
Energy and Utilities	2,713	2,855
Financial Institutions	4,081	3,734
Health and Care	2,580	2,287
Information Technology	1,397	1,337
Other	1,416	1,124
	21,828	20,529
Debt Securities		
Corporate (Investment Grade)	9,468	9,517
UK Government	1,367	1,405
Other	2,746	2,861
	13,581	13,783
Private Equity (Non-active Market)	2,382	2,783
Property		
UK (Non-active Market)	6,933	5,947
	6,933	5,947
Investment Funds & Unit Trusts:		
Equities	14,682	14,697
Hedge Funds	2,517	2,533
Infrastructure (Non-active Market)	1,107	631
Other (Non-active Market 1,192 (2012/13 237))	5,520	4,409
	23,826	22,270
Derivatives:		
Foreign exchange	-	1,405
	-	1,405
Cash and Cash Equivalents	470	736
Total Assets	69,020	67,453

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31 March 2013.

The significant assumptions used by the actuary have been:

NOTES TO THE CORE FINANCIAL STATEMENTS

	Local Government Pension Scheme	
	2013/14	2012/13
Mortality assumptions:		
Longevity for current pensioners:		
Men	22.4	21.4
Women	24.4	23.3
Longevity for future pensioners:		
Men	24.3	23.7
Women	26.9	25.7
Rate of inflation	2.8%	2.8%
Rate of increase in salaries	4.6%	5.1%
Rate of increase in pensions	2.8%	2.8%
Rate for discounting scheme liabilities	4.3%	4.5%

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.

Sensitivity Analysis

The sensitivities regarding the principle assumption used to measure the scheme liabilities are set out below:

Change in assumptions at 31 March 2014	Approximate increase in Employers Liability	Approximate amount £'000
0.5% decrease in Real Discount Rate	9%	9,308
1 year increase in member life expectancy	3%	3,030
0.5% increase in the Salary Increase Rate	3%	2,745
0.5% increase in the Pension Increase Rate	6%	6,438

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at a constant rate as far as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31st March 2016.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. The Council anticipates to pay £2.711 million in contributions to the scheme in 2014/15.

The weighted average duration of the defined benefit obligation for scheme members is 17.8 years, 2013/14 (17.8 years 2012/13).

34. Contingent liabilities

At 31 March 2014, the Council had the following material contingent liabilities:

- a) In September 1992, Municipal Mutual Insurance (MMI), the Council's insurers at the time, stopped accepting new business and with its policy holders set up a Scheme of Arrangement for the orderly run down of its affairs. MMI's future liabilities under its policies could not be fully quantified until all the claims (current and yet to be made) were settled. It was therefore agreed that MMI should settle claims as they were received, and if at some future date it should become insolvent, it could reclaim from its major policy holders in proportion to the value of claims settled on their behalf. Under this arrangement, at 31 March 2014 claims settled for this Council amounting to £203k (£153k in 2012/13) together with no estimated outstanding claims. The Council's maximum liability will be the value of claims settled/outstanding less £50,000.

Following an appeal to the Supreme Court by MMI against a Court of Appeal judgement dated 8 October 2010 relating to Employer's Liability policy wording, judgement was handed down on 28 March 2012, with the Supreme Court finding against MMI. The judges ruled that the insurer who was on risk at the time of an employee's exposure to asbestos was liable to pay compensation for the employee's mesothelioma.

The Board of Directors of MMI made the decision to trigger the Scheme of Arrangement on 13 November 2012, and control of the Company has passed to the Scheme Administrator (Ernst and Young LLP), who wrote to the Council on 2 April 2013 proposing an initial Levy of 15% of Established Scheme Liabilities. During 2013/14, the Council has paid the Levy Notice for £22,949 (based on 15% of Claims Payments of £202,995 less £50,000).

In addition the Scheme Administrator has modelled a number of projected outcomes for MMI, and has indicated that a Levy of up to 28% of claims may be required to achieve a projected solvent run-off. The Council has set up a Provision for the balance up to 28% (£20k) in the 2012/13 General Fund Accounts. In addition the Council has agreed to set up a Reserve of £110k, (the Balance up to the full commitment) in order to provide additional funds if further claims are submitted in the future.

- b) An amount is being claimed as damages by a contractor for breach of contract in relation to the termination by the Council of a contract for a capital project. The Council disputes the validity of the amount claimed and is currently in negotiation with the contractor. No provision has therefore been made in the Statement of Accounts.
- c) Central Government regularly set fees for personal searches of the Local Land Charges Register and local authorities are required to follow these fee regulations. However, it later transpired that fee charging was incompatible with the Environmental Information Regulations 2004, which came into force on the 1st of January 2005. The Government revoked the fee regulations in 2010. A group of property search companies claim that the charging of fees between 2005 and 2010 was unlawful and are requiring the fees paid to be refunded.

Following Counsel's advice, the Council has, through its legal team and external lawyers, Bevan Brittan, and in collaboration with the Local Government Association, agreed to settle claims brought against it by the property search companies in 2011. The settlements of some of the claims have been reached following a lengthy formal Alternative Dispute Resolution process and upon detailed scrutiny of the claims however, there is still a large number of claims outstanding of which the values are unknown due to the scrutiny of each claim and lengthy legal process.

35. Contingent assets

At 31 March 2014, the Council does not have any contingent assets..

36. Nature and extent of risks arising from financial instruments

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

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

The Council'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

NOTES TO THE CORE FINANCIAL STATEMENTS

by the Financial Services team, under policies and practices approved by the Council in accordance with the annual Treasury Management and Investment Strategy.

Credit risk

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

This risk is minimised through the Treasury Management Policy Statement, 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 Treasury Management Policy Statement also imposes a maximum sum to be invested with a financial institution located within each category.

A copy of the statement can be found on the Council's website at:

<http://www.suffolkcoastal.gov.uk/yourcouncil/policies>.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies of £8 million 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 irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2014 that this was likely to crystallise.

The following analysis summarises the Council's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability, adjusted to reflect current market conditions. In response to the effects of the recession the Council has increased the percentage of debt that might be irrecoverable for which a bad debt provision has been included within these accounts.

	Amount at 31 March 2014	Historical experience of default	Adjustment for market conditions at 31 March 2014	Estimated maximum exposure to default and uncollectability at 31 March 2014	Estimated maximum exposure at 31 March 2013
	£'000	%	%	£'000	£'000
Deposits with banks and other financial institutions	34,935	-	-	-	-
Customers	3,756	10	20	1,127	1,106
				1,127	1,106

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 has therefore not provided for any impairment of these assets.

The Council does not generally allow credit for customers. From the £3,755,831 classified as receivable from customers £1,726,894 relates to Housing Benefit overpayments of which £1,565,189 has been outstanding for more than three months.

The past due amounts can be analysed by age as follows:

	£'000
Less than three months	2,036
Three to Six Months	104
Six months to one year	201
More than one year	1,415
	3,756

Liquidity risk

The Council ensures it has adequate, but not excessive cash resources, borrowing arrangements, overdraft or standby facilities to have the level of funds available to it which are necessary to meet its business objectives.

All trade and other payables are due to be paid in less than one year.

Market risk

Interest rate risk

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

- investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise; and
- investments at fixed rates - the fair value of the assets will fall.

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.

If the average rates in 2013/14 had been 1% higher with all other variables held constant, the financial effect would have seen an increase in the variable investment income would have been £125k..

Price risk and foreign exchange risk

The Council does not invest in equity shares or any other market priced investment and therefore has no exposure to losses arising from movements in the prices of the shares.

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

37. Interests in companies and other entities

Local Authorities must consider all their interests in entities and prepare a full set of group financial statements where they have material interests in subsidiaries, associates or joint ventures. Before group accounts can be produced the following actions need to be carried out:

- Determine whether the Council has any form of interest in an entity.
- Assess the nature of the relationship between the Council and the entity.
- Determine the grounds of materiality whether group accounts should be prepared.

Having considered the accounting requirements and the Council's involvement with all companies and organisations, Group Accounts have been prepared. These incorporate only the results of Suffolk Coastal Services Limited, an Associate of which the Council owns a 20% share.

Suffolk Coastal Services Limited

Suffolk Coastal District Council has held a 20% share of Suffolk Coastal Services Limited (SCS) since 1 April 2009. This company provides a package of services including Refuse, Cleansing and Maintenance.

Group accounts have been prepared as the Council has the 'power' to participate in operating decisions and because transactions between Suffolk Coastal Services Ltd and the Council are material. Group Accounts incorporate the Council's share of the net assets and surplus of Suffolk Coastal Services Ltd as an Associate using the Equity method.

The Company prepares its accounts for the period to the week ending closest to the end of January each year, closing its accounts two months before those of the Council. This is within the permissible period for consolidation, subject to there being no significant movements within that period. Therefore for both the current accounts and the comparative figures no adjustment has been made to the accounts of the Company to make it co-terminus with the Council. The Group Accounts are included in this document as separate Primary Statements, showing the extent of the Council's 20% interest in the Company.

In addition to the Group Accounts, the following information has been disclosed to aid an understanding of the nature of the group relationship and the impact of the arrangement on the Council's Statement of Accounts.

- a) The registered name of the Company is Suffolk Coastal Services Limited;
- b) Nature of the business - the principal activity of the Company is that of refuse, cleansing and maintenance services;

NOTES TO THE CORE FINANCIAL STATEMENTS

- c) The immediate parent undertaking is Norse Commercial Services Limited;
- d) The ultimate parent undertaking is Norse Group Limited;
- e) The Company's ultimate controlling party is Norfolk County Council, by virtue of them owning 100% of the ordinary share;
- f) The Council holds fully paid Ordinary Share capital of £2, with no special rights or constraints. It has a 20% share of the Company and also receives a 50-50 profit / loss share at year-end;
- g) Payments made to Suffolk Coastal Services Limited in respect of refuse, cleansing and maintenance services are included within the Cost of Services in the Comprehensive Income and Expenditure Statement. Total payments to SCS Ltd were £7,522k in 2013/14 £7,420k in 2012/13) and included as follows:

	2013/14 £'000	2012/13 £'000
Car Parks	390	421
Central Support Services	226	266
Coast protection	-	-
Environmental Protection	163	165
Highway Services	171	176
Outdoor Leisure	882	830
Public Conveniences	288	294
Resort Activities	136	136
Street Furniture	193	189
Waste Management	4,874	4,726
Other Services	198	217
	7,522	7,420

- i) Details of the Company's annual financial results to 2nd February 2014 are set out below:

	2014 Suffolk Coastal Services Ltd £'000	2014 Council Investment (20%) £'000	2013 Suffolk Coastal Services Ltd £'000	2013 Council Investment (20%) £'000
Property, Plant & Equipment	-	-	2	-
Current Assets				
Stock	68	14	57	11
Debtors	3,064	613	2,712	542
Cash at Bank	3	1	105	21
	<u>3,135</u>	<u>628</u>	<u>2,874</u>	<u>574</u>
Creditors falling due within one year	(1,936)	(387)	(1,978)	(396)
Provision for Deferred Taxation	(26)	(5)	-	-
Defined Benefit Pension Scheme Liability	(1,666)	(333)	(1,110)	(222)
	<u>(493)</u>	<u>(97)</u>	<u>(212)</u>	<u>(44)</u>
Net Assets / Shareholder's funds	(558)	(112)	(613)	(123)
Share of Actuarial Gains/(Losses)	(558)	(112)	(613)	(123)
Turnover	11,926	2,385	11,617	2,323
Profit on ordinary activity before taxation	281	56	332	66
Tax on profit on ordinary activity	(4)	(1)	(77)	(15)
Profit for the Financial Period	<u>277</u>	<u>55</u>	<u>255</u>	<u>51</u>
<u>Tax components included in the above figures are as follows:</u>	£'000	£'000	£'000	£'000
Debtors				
- Deferred Tax asset	-	-	26	5
Creditors falling due within one year				
- Corporation Tax	-	-	45	9
Tax on profit on ordinary activity				
- Current Tax	4	1	(65)	(13)
- Deferred Tax	-	-	(12)	(2)
	<u>4</u>	<u>1</u>	<u>(77)</u>	<u>(15)</u>

38. Interest and investment income

This figure relates to interest earnings from the short-term external investment of surplus cash balances and the interest on any loans made to other local authorities. The income is analysed over the different financial institutions borrowing from the Council, as follows:

	2013/14 £'000	2012/13 £'000
Banks & Building Societies	170	145
Other Local Authorities	15	4
Interest on other loans/leases	26	37
	<u>211</u>	<u>186</u>
Less credited to external deposits received, ie Section 106 agreements	(99)	(16)
	<u>112</u>	<u>170</u>

39. Long term investments

	31 March 2014 £'000	31 March 2013 £'000
Other Public Authorities	-	8
	<u>-</u>	<u>8</u>

40. Long term debtors

These are debtors due to the Council over a period in excess of one year:

	31 March 2014 £'000	31 March 2013 £'000
Mortgagors:		
Sale of Council Houses	4	6
Reimbursement Arrangements	30	31
Finance Leases	4	4
	<u>38</u>	<u>41</u>

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and local businesses and the distribution to local authorities and Central Government of council tax and non-domestic rates.

	Notes	2013/14		2012/13	
		Business rates	Council tax	Business rates	Council tax
		£'000	£'000	£'000	£'000
Income					
Income from council tax	1	-	(70,479)	-	(67,804)
Transfer from General Fund - council tax benefits		-	107	-	(6,939)
Income from business rates		(48,756)	-	(45,420)	-
Transitional protection payments		(18,702)	-	(19,975)	-
		(67,458)	(70,372)	(65,395)	(74,743)
Expenditure					
Precepts, demands and shares:					
- Central Government		29,594	-	65,297	-
- Suffolk County Council		5,919	51,796	-	55,974
- Office of the Suffolk Police and Crime Commissioner		-	7,668	-	8,286
- Suffolk Coastal District Council		23,676	9,414	-	9,832
Charges to Collection Fund					
- Write offs of uncollectable amounts		54	73	(364)	(103)
- Increase / (decrease) in bad debt provision		44	803	186	259
- Increase / (decrease) in provision for appeals		18,261	-	-	-
- Cost of collection allowance		278	-	276	-
Apportionment of previous years surplus / (deficit)					
- Central Government		-	-	-	-
- Suffolk County Council		-	-	-	175
- Office of the Suffolk Police and Crime Commissioner		-	-	-	25
- Suffolk Coastal District Council		-	-	-	30
		77,826	69,754	65,395	74,478
(Surplus) / deficit for year		10,368	(618)	-	(265)
Balance brought forward - (surplus) / deficit		-	(125)	-	140
Balance carry forward - (surplus) / deficit		10,368	(743)	-	(125)

1. Income from council tax

Council tax is set to meet the demands of Suffolk County Council, The Office of the Police and Crime Commissioner for Suffolk, Suffolk Coastal District Council and Parish/Town Councils. The tax is set by dividing these demands by the tax base, which is the number of chargeable dwellings in each valuation band expressed as an equivalent number of Band D dwellings.

	2013/14	2012/13
	£	£
The average Band D Council Tax set was:	1,498.06	1,491.17
The Council estimated its Tax Base for 2013/14 as follows:	Chargeable dwellings	Band D Equivalents
Valuation Band		
A	6,322	4,212
B	12,549	9,760
C	10,144	9,017
D	9,857	9,857
E	7,073	8,645
F	3,652	5,276
G	1,984	3,307
H	147	294
	<u>51,729</u>	<u>50,368</u>
Add: council tax technical reforms		905
Less: local council tax reduction scheme		(4,442)
provision for bad and doubtful debts (2.25%)		(1,054)
Add: Ministry of Defence properties		200
Tax Base 2013/14 (Band D equivalents)		45,978

2. Business rates

The Council collects business rates (non-domestic rates) in the district. The amount collected less an allowance for the cost of collection is shared between Central Government (50%), Suffolk Coastal District Council (40%) and Suffolk County Council (10%). From the Council's share, a tariff payment is made to Suffolk County Council to distribute excess business rates income above the Council's baseline funding need set by Central Government. These transactions are shown in the Comprehensive Income and Expenditure Statement under Taxation and Non-Specific Grants. The valuation list was revised in April 2005, and the latest revaluation of all business properties was completed on 1st April 2010.

	2013/14	2012/13
The rateable value at 31 March was	£159.3m	£158.7m
The multiplier was	47.1p	45.8p

3. Collection Fund balances

The Collection Fund in year (surplus) / deficit comprises the following:

(Surplus) / Deficit relating to:	2013/14 £,000	2012/13 £,000
<u>Council Tax</u>		
Suffolk County Council	(465)	(200)
Office of the Police and Crime Commissioner for Suffolk	(69)	(30)
Suffolk Coastal District Council	(84)	(35)
Total Council Tax	<u>(618)</u>	<u>(265)</u>
<u>Business Rates</u>		
Central Government	5,184	-
Suffolk County Council	1,037	-
Suffolk Coastal District Council	4,147	-
Total Business Rates	<u>10,368</u>	-

Opinion on the Authority's financial statements

We have audited the financial statements of Suffolk Coastal District Council for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement and the related notes 1 to 40, the Collection Fund Income and Expenditure Account and the related notes 1 to 3. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

This report is made solely to the members of Suffolk Coastal District Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the authority and the authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities set out on page 16, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2013/14 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Suffolk Coastal District Council as at 31 March 2014 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the Group as at 31 March 2014 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012);
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources**Respective responsibilities of the Authority and the auditor**

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Basis of conclusion

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, Suffolk Coastal District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

Certificate

We certify that we have completed the audit of the accounts of Suffolk Coastal District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Neil Harris
for and on behalf of Ernst & Young LLP, Appointed Auditor
Luton

26th September 2014

Accounting Period

The period of time covered by the Accounts, normally 12 months commencing on 1st April for local authorities.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Business Rates

The system of local taxation on business properties also called non domestic rates (NDR).

Capital Adjustment Account

The Account absorbs the difference arising from the different rates at which non-current assets are accounted for as being consumed and at which resources are set aside to finance their acquisition.

Capital Charge

A charge to service accounts to reflect the cost of non-current assets used in the provision of services, usually comprising depreciation charges, impairment and any associated write down of capital grant financing.

Capital Expenditure

Expenditure on the acquisition of a non-current asset such as land and buildings, or expenditure that adds to and not merely maintains the value of an existing non-current asset.

Capital Receipts

Capital money received from the sale of land, dwellings or other assets, which is available to finance other items of capital expenditure, or to repay debt on assets originally financed from loan.

Capital Receipts Reserve

This reserve holds the receipts generated from the disposal of non-current assets, which are restricted to being applied to finance new capital investment or reduce indebtedness.

Collection Fund

This Fund records the collection of the council tax and non domestic rates and its distribution.

Community Assets

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings. See new paragraph regarding change from Community Assets to Heritage Assets from 1st April 2011.

Community Charge

The system of local taxation prior to council tax.

Contingent Liabilities

Potential liabilities which are either dependent on a future event, or which cannot be reliably estimated.

Contingent Assets

Potential assets which are either dependent on a future event, or which cannot be reliably estimated.

Council Tax

The system of local taxation on dwellings that replaced the community charge with effect from 1st April 1993.

Council Tax Benefit

See 'Housing Benefits'

Creditors

An amount of money owed by the District Council at 31st March for goods or services supplied but not yet paid for.

Debt

Amounts borrowed to finance capital expenditure that are still to be repaid.

Debtors

An amount of money owed to the District Council at 31st March. Long-term debtors comprise loans against mortgaged property and loans to other local authorities.

Deferred Capital Receipts

Capital receipts outstanding on Council houses sold on deferred terms and secured by a mortgage of the property.

Depreciation

The measure of the wearing out, consumption, or other reduction in the useful economic life of a non-current asset, whether arising from use or obsolescence through technological or other changes.

Direct Revenue Financing

A charge to revenue accounts for the direct financing of non-current assets and other capital expenditure.

Earmarked Reserves

Revenue reserves within the General Fund and the Housing Revenue Account set aside to finance specific future services.

Non-Current Assets

Assets that yield benefits to the local authority and the services it provides for a period of more than one year.

General Fund

The main revenue fund of the District Council, to which the costs of the services are charged.

Government Grants

Payments by Central Government towards the cost of local authority services. These are either for particular purposes or services (specific grants) or in aid of local services generally (general grants).

Heritage Assets

Heritage Assets are a distinct class of asset which is reported separately from property, plant & equipment. It is expected that these assets would previously have been classified as community assets prior to 1st April 2011 (see earlier paragraph). The CIPFA Code defines a tangible heritage asset as: *a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture*. An intangible heritage asset is: *an intangible asset with cultural, environmental or historical significance*.

Housing Advances

Loans by an authority to individuals towards the cost of acquiring or improving their homes.

Housing Benefit

A system of financial assistance towards housing costs which takes account of the applicants' financial needs and incomes. Assistance takes the form of rent rebates, council tax rebates and rent allowances.

Impairment

A material reduction in the value of a non-current asset during the accounting period. This can be caused by a consumption of economic benefits (such as physical damage through fire or flood) or a fall in price of a specific asset. A general reduction in asset values is accounted for as an impairment through Valuation Loss.

Infrastructure Assets

Non-current assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and coast protection works.

International Financial Reporting Standards

The Code of Practice on Local Authority Accounting was, for the first time in 2010/11, based on International Financial Reporting Standards (IFRS). However, these standards are primarily drafted for the commercial sector and are not wholly designed to address the accounting issues relevant to local government in the UK. The Code therefore prescribes a hierarchy of alternative standards on which the accounting treatment and disclosures should be based for all transactions.

Leasing or Leases

A method of acquiring capital expenditure where a rental charge is paid for an asset for a specified period of time.

All leases are categorised as either finance leases or operating leases. A finance lease transfers substantially all of the risks and rewards of ownership to the lessee. An operating lease, in contrast, is similar to a rental agreement in nature, and all operating lease rentals are treated as revenue.

Minimum Revenue Provision

A prudent sum required by law to be set aside from revenue for the repayment of loan debt.

Net Book Value

The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation and impairment.

Non Domestic Rates (NDR)

See Business Rates

Out-turn

Actual income and expenditure for the financial year.

Post Balance Sheet Events

Those events, both favourable and unfavourable, which occur between the Balance Sheet date and the date on which the Statement of Accounts are authorised for issue by the Section 151 Officer.

Precept

The net expenditure of a non-billing authority (e.g. County Council, Police Authority or Parish Council) which the billing authority must include when setting its Council Tax and then pay over to the precepting authority in agreed instalments.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period. (See separate paragraph on Heritage Assets).

Rateable Value

A value assessed by the Valuation Office Agency for all properties subject to national non-domestic rates.

Rent Allowances / Rebates

See 'Housing Benefits'

Revaluation Reserve

An "unusable reserve" recording accumulated gains arising from the revaluation of non-current assets until they are consumed by the authority or realised in a sale, arising after 1st April 2007, the establishment date of the reserve.

Revenue Expenditure

This is expenditure mainly on recurring items and consists principally of salaries and wages, capital charges and general running expenses.

Revenue Expenditure Funded from Capital under Statute (REFCuS)

Expenditure that is classified as capital for funding purposes which does not result in the expenditure being carried on the Balance Sheet as a non-current asset. Examples include improvement grants and capital grants to third parties.

Revenue Support Grant

A general grant paid by Central Government to local authorities in aid of revenues generally and not for specific services. It is paid to the General Fund.

Section 151 Officer

The officer with specific legal responsibility for the financial matters of a local authority.

Statement of Standard Accounting Practice (SSAP)

Accounting practice recommended by the former Accounting Standards Committee of the joint accountancy bodies for adoption in the preparation of accounts to ensure a true and fair view. These have now been adopted by the Accounting Standards Board and many superseded by Financial Reporting Standards.

Trading Accounts

Trading accounts exist where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the authority or other organisations.

Usable Capital Receipts

Capital receipts that remain available to meet the cost of future capital expenditure.

UK GAAP

The accounting treatments that companies in the UK would generally be expected to apply in the preparation of their financial statements.

Valuation Loss

Impairment of an asset due to a general fall in prices, supported by a valuer's certificate. Valuation losses are charged initially to any balance in the Revaluation Reserve, and subsequently to the Comprehensive Income and Expenditure Account. Impairment charges do not, however, fall on the taxpayer, and the impact is reversed in the Movement in Reserves Statement.

Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

Abbreviations used in the Accounts

CIPFA	Chartered Institute of Public Finance and Accountancy
GAAP	Generally Accepted Accounting Principles
IFRS	International Financial Reporting Standards
MRP	Minimum Revenue Provision
NDR	Non-Domestic Rates
SSAP	Statement of Standard Accounting Practice