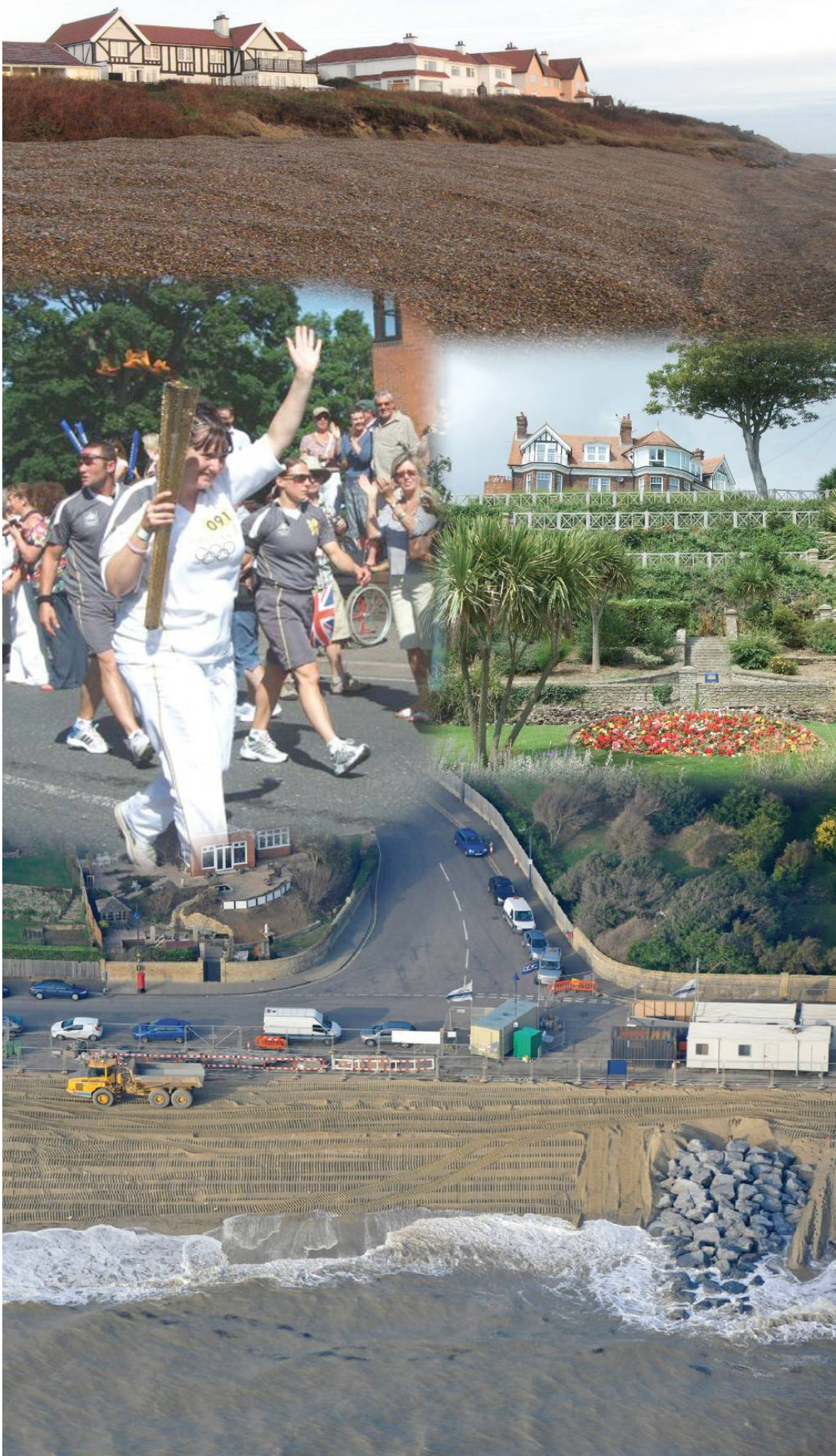


SUFFOLK COASTAL DISTRICT COUNCIL STATEMENT OF ACCOUNTS 2011/12



CONTENTS

	Page
Explanatory Foreword	4
Statement of Responsibilities	15
Movement in Reserves Statement	16
Comprehensive Income and Expenditure Statement	17
Balance Sheet	18
Cash Flow Statement	19
Note 1 Accounting Policies	20
Note 2 Accounting Standards Issued but Not Yet Adopted	39
Note 3 Critical Judgements in Applying Accounting Policies	39
Note 4 Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty	40
Note 5 Material Items of Income and Expense	41
Note 6 Events After the Balance Sheet Date	42
Note 7 Adjustments between Accounting basis and Funding basis under Regulations	43
Note 8 Transfers to/from Earmarked Reserves	46
Note 9 Other Operating Expenditure	48
Note 10 Financing and Investment Income and Expenditure	48
Note 11 Taxation and Non-Specific Grant Income	48
Note 12 Property, Plant and Equipment	49
Note 13 Heritage Assets	55
Note 14 Investment Properties	57
Note 15 Intangible Assets	57
Note 16 Financial Instruments	59
Note 17 Inventories	62
Note 18 Debtors	62
Note 19 Cash and Cash Equivalents	63
Note 20 Assets Held for Sale	63
Note 21 Creditors	64
Note 22 Provisions	64
Note 23 Grant Income	64
Note 24 Usable Reserves	66
Note 25 Unusable Reserves	67
Note 26 Operating Activities	71
Note 27 Investing Activities	71
Note 28 Financing Activities	72
Note 29 Amounts Reported for Resource Allocation Decisions	73
Note 30 Agency Services	77
Note 31 Trading Operations	77
Note 32 Members' Allowances	77
Note 33 Officers' Remuneration	78
Note 34 External Audit Costs	82
Note 35 Related Parties	83
Note 36 Capital Expenditure and Capital Financing	84
Note 37 Leases	85
Note 38 Impairment Losses	88
Note 39 Termination Benefits	88
Note 40 Pensions	89
Note 41 Contingent Liabilities	95
Note 42 Contingent Assets	96
Note 43 Nature and Extent of Risks Arising from Financial Instruments	97
Note 44 Interests in Companies and Other Entities	100
Note 45 Prior Period Adjustments	104
Note 46 Interest and Investment Income	108
Note 47 Long Term Investments	108
Note 48 Long Term Debtors	108

CONTENTS

	Page
Collection Fund Income and Expenditure Account	109
Notes to the Collection Fund	110
Group Accounting Statements	114
Notes to the Group Accounting Statements	118
Independent Auditor's Opinion	119
Glossary of Financial Terms	122

Explanatory Foreword by Head of Financial Services

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 31 March 2012 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (The Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). In England and Wales, the local authority Code constitutes a "proper accounting practice" under the terms of section 21(2) of the Local Government Act 2003. The Accounts are set out in pages following the Explanatory Foreword.

The Council's Statement of Accounts consists of:

Core Statements:

- **Movement in Reserves Statement** – this statement (with corresponding balances shown for 2010/11) and 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 UK Generally Accepted Accounting Principles (UK GAAP), International Financial Reporting Standards 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 fixed 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 and Council Tax, and illustrates the way in which these have been distributed to major precepting bodies (Suffolk County Council and Suffolk Police Authority) and to the General Fund.
- **Statement of Responsibilities for the Statement of Accounts** – This outlines the responsibilities of the Council and the Head of Financial Services, with respect to the Statement of Accounts.
- **Group Accounts** – The Group Accounts incorporate the financial statements of its Associate relationship with Suffolk Coastal Services Ltd (SCS). Details are set out in Note 44 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 have been no major accounting changes to the Statement of Accounts for 2011/12. However, there have been some changes and these can be summarised as:

- The requirement for additional disclosures in respect of remuneration and exit packages paid to senior officers leaving the Council's employment
- The requirement within the Annual Governance Statement to include a specific statement on whether the Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer.

Explanatory Foreword by Head of Financial Services

- The adoption of the requirements of FRS30 Heritage Assets i.e. that they are carried at valuation where possible together with the requirement for additional disclosure notes.
- As a result of changes to the Service Expenditure Analysis introduced by the Service Reporting Code of Practice (SeRCOP), the Culture, Regulatory and Planning Services line within the Comprehensive Income and Expenditure Account has been split into three new headings:
 - Cultural and Related Services
 - Environmental and Regulatory Services
 - Planning Services

This requirement has meant that the comparative figures for 2010/11 have also been restated to reflect the new headings.

- **Impact of the Economic Climate** This Explanatory Foreword provides information and explanation relevant to the Accounts. The Code 2011 requires Councils to comment on the impact of the current economic climate on the Council and the services it provides, as this will assist users in assessing, for example, the adequacy of reserves. Details of some of the main service areas affected are set out in Paragraph 11 later in this Explanatory Foreword.
- **Accounts and Audit (England) Regulations 2011** There have been no further regulations issued since the changes that came into force on 31 March 2011 for last years Statement of Accounts. Therefore the requirements introduced last year remain unchanged. The signing and approval process and dates are:
 - the Head of Financial Services now 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 Head of Financial Services 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.

Explanatory Foreword by Head of Financial Services

- **Other Issues and Amendments**

- The Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 introduced a change to the treatment in accounting for heritage assets held by the Authority. This required a change to the accounting policies. The Council is required to carry heritage assets in the balance sheet at valuation where possible unless it is cost prohibitive to obtain a valuation. This requirement has resulted in restatement of the 2010/11 accounts in a number of places as explained in Note 45. Note 13 details the heritage assets the Council holds.
- An adjustment was needed to the accounts to correct the accounting treatment of the cost of ill health retirements of £304k in 2010/11. This is explained within the Statement of Accounts at Note 3. There is no impact on the Council's resources resulting from the adjustment.
- Further guidance has been issued on a number of technical areas through LAAP Bulletins.
 - Most of the issues were not directly relevant, or did not apply to the Council in the year, but consideration was given to their potential impact on the accounts.
 - LAAP Bulletin 93 gave further advice on some minor accounting and disclosures required and these have been incorporated within the notes to the Financial Statements.

3. Accounting Policies

The Council's Accounting Policies are set out following the Core Financial Statements. There have been no major changes to the Council's Accounting Policies since the previous Statement of Accounts was produced for 2010/11.

4. General Fund Outturn

The following table shows how the Council's General Fund net expenditure, including precepts by parish councils and levies by other bodies, 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.

	Original Budget	Revised Budget	Outturn	Variance
	£'000	£'000	£'000	£'000
Net Expenditure	13,789	14,007	13,500	(507)
Income from Government and local Taxpayers	(13,789)	(13,789)	(13,708)	81
Met from/ (Added to) General Fund Balances	0	218	(208)	(426)

Analysed as:

Approved between year virements	238
Transfer to Earmarked Benefits Reserve	135
Addition to General Fund Reserve	53
	426

Explanatory Foreword by Head of Financial Services

Income from Government and Local Taxpayers

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

	£000
Formula Grant	6,282
Transfer from Collection Fund regarding previous year's (deficit) / surplus	(10)
Amount met by Local Council Taxpayers	7,436
Total income from Government & Local Taxpayers	<u>13,708</u>

The decrease in expenditure of £426K between the revised budget for 2011/12 and the outturn is analysed in the table below:

	£'000
Concessionary Fares - final resolution of operator payments	45
Coastal Protection - revenue costs of central Felixtowe capital scheme	43
Increased utility costs	39
Increased Bad Debt Provision	25
Street Furniture - bus shelters and footpath lighting increased costs	23
Licensing - reduced net income	21
Miscellaneous Properties - mainly legal fees for South Seafront land	20
Indoor Leisure – increased costs	20
Procurement – additional procurement activities to support a number of large contracts	18
Public Conveniences- increased building repairs costs	16
Members Expenses - increased expenditure	15
Corporate Counter Fraud - reduced income	10
Street Markets - delay in market transfer	9
Theatre Arts - less grants allocated	(15)
Food & Safety – additional staff savings	(17)
Planning Services support – additional staff savings	(21)
Car Parks – improved excess charge recovery and income	(27)
Tax Collection – additional net income and savings	(28)
Outdoor Leisure - increased income from s106 and other agreements	(28)
Building Control - additional income and further savings	(30)
Planning Development & Policy – additional savings	(32)
Investment Income - improved cash flow position	(40)
SCS – additional income and profit share	(63)
Development Control - higher than expected income and additional savings	(64)
Housing Benefits - administration and subsidy position better than expected	(135)
Net other variances	8
Change in General Fund Balance (Budget to Outturn)	<u>(188)</u>
Approved between year virements	(238)
Decrease in Net Expenditure	<u>(426)</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 23 to the Core Financial Statements provides an analysis of Government Grants received.

Explanatory Foreword by Head of Financial Services

In addition to the net savings of £188k, a sum of £238k has been approved to be carried forward and to be spent in 2012/13 to allow a small number of projects to be completed. It is therefore recommended that the benefits under spend of £135k be set aside to fund potential financial pressures from the introduction of the universal credit. The General Fund Balance at the year end will therefore increase to £3.437m but will then reduce to £3.199m once the approved between year virements have been funded.

Redundancy/ill-health payments

During the year there were payments relating to voluntary and compulsory redundancies for 12 members of staff (£537k for 25 staff in 2010/11) amounting to £140k. There were also 2 ill-health retirements of staff at no cost to the Council (£304k for 3 in 2010/11). The cost of the redundancies has been charged to the General Fund Comprehensive Income and Expenditure Statement and the relevant service area where staff were employed. There were no costs for the 2011/12 ill health retirements.

General Fund - Future Budget Plans

Set out below is the Budget approved in February 2012 for 2012/13, together with the Original and Revised budgets for 2011/12.

Budget Requirement

Overall the Council's budget requirement, the net cost of services to be met from Government formula grant and council taxes will be £13,789k in 2011/12. This represents a headline decrease of £1,890k or 12% over the budget for 2010/11 of £15,679k. The budget by priority theme that the Council approved from 1 April 2011 is set out below:

Priority Theme	2011/12 Original Budget £'000	2011/12 Revised Budget £'000	2012/13 Original Budget £'000
Leaders	658	570	528
Green Environment and Operational Partnerships	4,448	4,545	3,581
Planning	531	548	750
Community Health	785	525	506
Housing	851	795	660
Leisure, Tourism and Economic Development	2,243	2,290	2,023
Resources	3,715	4,355	4,235
Customers & Communities	407	436	460
Revenue Contribution to Capital Reserve	113	113	174
Contingency	200	0	250
Interest from Investments	-162	-170	-160
<i>Use of General Fund Reserve:</i>			
- Between Year Virement	0	-154	0
- In Year Use	0	-64	0
Budget Requirement	13,789	13,789	13,007
<i>Financed by:</i>			
Formula Grant	6,283	6,283	5,554
Collection Fund Surplus	70	70	30
Tax	7,436	7,436	7,423
Total	13,789	13,789	13,007

The reasons for the decrease in the 2012/13 Budget compared to 2011/12 are summarised as

Explanatory Foreword by Head of Financial Services

follow:

	£000
Budget Requirement 2011/12	13,789
Pay and Price Increases	105
Unavoidable Growth	314
Efficiencies and Savings and Additional Income	-2,128
Loss of Formula Grant	729
Contribution to reserves (including contribution to capital)	198
Budget Requirement 2012/13	13,007

For the second year in succession the Government proposed a Council Tax freeze for 2012/13 with the offer of a "Council Tax Freeze" grant in lieu of a 2.5% increase in Council Tax. Therefore the Council's budget for 2012/13 reflected no increase in Council Tax. The Council's grant settlement was reduced by £729k for 2012/13.

Since setting the budget in February 2012 the Council continues to monitor its Medium Term Financial Strategy (MTFS) and financial plans. The MTFS will be updated in October 2012 to incorporate any financial implications resulting from potential changes in the 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 Non Domestic Rates and its distribution. Non-Domestic Rates are collected on behalf of the Government and are paid over, net of an allowance for costs of collection. Council Tax income finances the expenditure of Suffolk County Council, Suffolk Police Authority, Suffolk Coastal District Council and its Parish and Town Councils.

As at 31 March 2012, the Collection Fund had a deficit of £140k, (2010/11 surplus £471k), reflecting an in-year deficit of £611k. The in-year deficit is due to reduced tax income due to a number of banding revaluations, increased number of discounts and additional provision for bad debt, including the bad debts written off. The £611k deficit is apportioned between Suffolk Coastal District Council, Suffolk County Council and Suffolk Police Authority in proportion to their respective Council Tax precept demands in the year.

After taking into account the break-even position already calculated for 2011/12, Suffolk Coastal's share of the deficit will be £79,280 (£23,766 surplus in 2010/11) based on an apportionment formula, and will be taken into account when setting 2013/14 Council Tax levels.

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 2011/12 against the approved budgeted programme (see Note 36 to the Core Financial Statements for further information).

Explanatory Foreword by Head of Financial Services

Portfolio	Original Budget £000	Revised Budget £000	Outturn £000	Variance £000
Economic Development, Tourism and Leisure	94	276	188	94
Housing	715	650	486	(229)
Planning	5,638	7,774	8,276	2,638
Resources:				
- ICT and E government	161	545	286	125
- Corporate activities	24	591	409	385
Total Capital Expenditure	6,632	9,836	9,645	3,013

The overall out-turn was £3.013m above the Original Budget for 2011/12 mainly due to approved increases in budget reflected in the revised budget. The most significant variance relates to the Central Felixstowe Coast Protection scheme where some £2.6m of work was delivered ahead of the original plan. This scheme is funded by the Environment Agency but the Council had claimed its maximum allowable grant in the year so it will fund the part of the over spend pending receipt of grant in the new financial year. The additional spend occurred due to the favourable weather conditions allowing the contractor to advance the phased works.

The variances therefore can be summarised as follows:

	£000
Crescent Road Public Convenience (slippage from 2010/11)	51
Leiston Leisure Centre Air Handling (slippage from 2010/11)	64
Central Felixstowe – approved advancement of works	2,644
IT – Approved Joint Working options and Port Health	157
Martello Park – Approved Land Acquisition	385
Housing Grants - demand led	(230)
Other minor variations	(58)
Variation between Approved Budget and Outturn 2011/12	3,013

The Capital Programme was financed as follows.

	Original Budget £000	Outturn £000
Capital Receipts	0	1,255
Government Grants and Third Party Contributions	6,149	8,299
Revenue / Revenue Reserves	483	91
	6,632	9,645

The Council did not enter into any borrowing in 2011/12 to finance its capital expenditure and consequently remains free of external debt.

Explanatory Foreword by Head of Financial Services

Capital expenditure plans for the next four years are as follow:

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Capital Expenditure	4,175	2,441	1,343	830
<i>Financed by</i>				
Grants and Contributions	3,456	658	406	606
Capital Receipts	128	134	0	0
Capital Reserves	591	721	0	0
Potential Borrowing Requirements	0	928	937	224
	4,175	2,441	1,343	830

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 £23.855m in 2011/12 (2010/11 £18.363m), 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 40 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 31 March 2010. A revised common rate of employer's contribution commenced on 1 April 2011, taking into account the net pension liability disclosed above.

8. Reserves

Details of the movements in all reserves are shown in Notes 7, 8, 24 and 25 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 2012/13. The main reserves held at 31 March are set out below, (with further information in Notes 8 and 24 to the Core Financial Statements):

	31 March 2012 £000	31 March 2011 £000
Usable Reserves		
<i>Held for revenue purposes</i>		
General Fund	3,437	3,342
Earmarked Reserves	6,013	5,975
<i>Held for capital purposes</i>		
Capital Receipts Reserve	579	921

Explanatory Foreword by Head of Financial Services

Earmarked Reserves	1,668	1,593
Capital Grants unapplied	1,508	1,387
	<hr/>	<hr/>
	13,205	13,218
Unusable Reserves	28,346	25,657
Total Council Reserves	<hr/>	<hr/>
	41,551	38,875

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) has been established to enable a shared services programme to be jointly developed, evaluated and implemented. The inaugural meeting of the Board took place in February 2010. With effect from 1 October 2010 the shared joint management structure was implemented with new Directors and Heads of Service appointed to run services for both councils. Further information is disclosed in Note 33 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 2011/12 financial year. These are listed in the table that follows:

Strategic Partner	Service Delivery
<i>Third Parties:</i>	
Suffolk Coastal Services Limited (SCS).	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. SCS also manage the District Council's car parks, including running the cyclical maintenance program, provision of car parking meters and tickets, cash collection and management of car park inspectors
DC Leisure	Provision of Leisure services
<i>Joint Arrangements:</i>	
Suffolk Coastal and Waveney District Councils.	Senior Management (Chief Executive, 2 Directors, an Assistant Chief Executive and 9 Heads of Service were appointed to manage services jointly for both Councils with effect from 1 October 2010).
Suffolk County Council, St Edmundsbury Borough Council, Babergh, Forest Heath, Mid-Suffolk, Waveney and Suffolk Coastal District Councils.	Emergency Services - Joint Emergency Planning Unit.

Explanatory Foreword by Head of Financial Services

Suffolk County Council, St Edmundsbury and Ipswich Borough Councils, Babergh, Forest Heath, Mid-Suffolk and Suffolk Coastal and Waveney District Councils.	Legal Services.
Suffolk Coastal and Waveney District Councils, and Ipswich Borough Council Audit Partnership.	Internal Audit service.

Future Partnership Plans

The Council's Revenues and Benefits Services have agreed to join the Anglia Revenues Partnership. This is a partnership with the revenues and benefits services of Breckland Council, Forest Heath District Council, East Cambridgeshire District Council and St Edmundsbury Borough Council. From 2012/13 it is expected that the Council will join the Anglia Revenues Partnership contract with Academy for the provision of IT systems. The Council's database will then be held at Thetford. At the end of this year Members will be asked to agree further join up arrangements and potentially a full partnership structure.

10. Overall Financial Position

The Council's gross revenue expenditure (excluding Housing Benefit payments) for 2011/12 was £34.8m. The General Fund outturn for 2011/12 was a surplus of £426k. This included between year virements of £238k for work which will be completed in 2012/13. The balancing amount of £188k accounts for about 0.3% of the gross budget.

The overall General Fund Balance at 31 March 2012 was £3.437m (31 March 2011 £3.341m). The Council continued to remain debt free.

11. The impact of the National Economy.

Nationally the economy has been severely affected by the worldwide credit crunch. The Bank of England's base rate fell from a peak of 5.25% in April 2008, finishing at 0.5% in March 2009, which is where it has remained, unchanged, throughout the financial year 2011/12. Reduced income returns from investments, the reduction in growth in the economy and the slump in the housing market has had an affect on this Council's services. Service delivery pressures have increased on:

- Housing Benefits from additional claimants;
- Extra Homelessness applications; and
- Pressure on collecting Council Tax, Non Domestic Rate and Rents and recovery of outstanding debts.

The income from investment (surplus funds) has continued to be low due to the earlier reductions in interest rates, together with the investment market impact on rates, and more risk adverse investment decisions following the failure of the Icelandic Banks and the rescue of other banks during 2008/09.

Note 40 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 31 March 2012 increased to £23.855m compared to £18.363m a year earlier. This increase in deficit can be attributed to falling real bond yields and poor asset returns which in turn increase the projected pension expense for the next two years.

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 internal qualified valuers have determined that the book value of any of the Council's assets has risen, this has been reflected in the Council's Accounts and the impact is shown under Revaluation

Explanatory Foreword by Head of Financial Services

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 increased in value from £44.680m to £52.893m. This increase is mainly as a result of an increase in property values together with further investment in infrastructure amounting to some £8.2m.

12. Further Information

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

13. Translation Services

An electronic version of the latest Annual Report is currently available for translation from Suffolk Coastal.gov.uk.

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@suffolkcoastal.gov.uk

STATEMENT OF RESPONSIBILITIES

The Authority's Responsibilities

The Authority 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. This role is known as the Chief Financial Officer. In this authority, that officer is the Head of Financial Services.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts

Councillor R Kerry, Chairman, Suffolk Coastal District Council - 27 September 2012

The Chief Financial Officer's Responsibilities

The Head of Financial Services is responsible for the preparation of the authority'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* ("the Code").

In preparing this Statement of Accounts, the Head of Financial Services has:

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

The Head of Financial Services has also:

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

Certificate by the Chief Financial 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 31 March 2012 and its income and expenditure for the year ending on that date.

Homira Javadi, Head of Financial Services - 27 September 2012

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, 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 Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves lines shows the Statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2010	(3,187)	(7,536)	(759)	(1,308)	(12,790)	(7,919)	(20,709)
<u>Movement in reserves during 2010/11</u>							
(Surplus) or deficit on provision of services	(4,448)	-	-	-	(4,448)		(4,448)
Other Comprehensive Expenditure and Income	-	-	-	-	-	(13,718)	(13,718)
Total Comprehensive Expenditure and Income	(4,448)	-	-	-	(4,448)	(13,718)	(18,166)
Adjustments between accounting basis and funding basis under regulations (note 7)	4,261	-	(162)	(79)	4,020	(4,020)	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(187)	-	(162)	(79)	(428)	(17,738)	(18,166)
Transfer to/from Earmarked Reserves (note 8)	32	(32)	-	-	-	-	-
(Increase)/Decrease in 2010/11	(155)	(32)	(162)	(79)	(428)	(17,738)	(18,166)
Balance at 31 March 2011 carried forward	(3,342)	(7,568)	(921)	(1,387)	(13,218)	(25,657)	(38,875)
<u>Movement in reserves during 2011/12</u>							
(Surplus) or deficit on provision of services	(6,611)	-	-	-	(6,611)	-	(6,611)
Other Comprehensive Expenditure and Income	-	-	-	-	-	3,937	3,937
Total Comprehensive Expenditure and Income	(6,611)	-	-	-	(6,611)	3,937	(2,674)
Adjustments between accounting basis and funding basis under regulations (note 7)	6,403	-	342	(121)	6,624	(6,624)	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(208)	-	342	(121)	13	(2,687)	(2,674)
Transfer to/from Earmarked Reserves (note 8)	113	(113)	-	-	-	-	-
(Increase)/Decrease in Year	(95)	(113)	342	(121)	13	(2,687)	(2,674)
Balance at 31 March 2012 carried forward	(3,437)	(7,681)	(579)	(1,508)	(13,205)	(28,344)	(41,549)

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.

	2011/12			2010/11 Restated		
	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
Central Services to the Public	9,472	(7,885)	1,587	10,222	(8,494)	1,728
Cultural and Related Services (see note 45)	4,516	(1,459)	3,057	5,490	(1,565)	3,925
Environmental and Regulatory Services (see note 45)	12,794	(6,454)	6,340	13,321	(6,231)	7,090
Planning Services (see note 45)	3,045	(1,528)	1,517	4,045	(1,635)	2,410
Highways and Transport Services	1,218	(1,512)	(294)	2,125	(1,646)	479
Other Housing Services	29,427	(28,808)	619	29,237	(27,913)	1,324
Corporate and Democratic Core	2,057	(7)	2,050	2,812	(7)	2,805
Non-Distributed Costs	564	-	564	369	-	369
Exceptional Item (note 5)	-	-	-	(8,376)	-	(8,376)
Cost of Services	63,093	(47,653)	15,440	59,245	(47,491)	11,754
Other Operating Expenditure (note 9)			2,453			1,881
Financing and Investment Income and Expenditure (note 10)			56			865
Taxation and Non-Specific Grant Income (note 11)			(24,560)			(18,948)
(Surplus) or Deficit on Provision of Services (note 29)			(6,611)			(4,448)
Surplus or deficit on revaluation of non-current assets			(2,703)			952
Impairment losses charged to the Revaluation Reserve			-			-
Actuarial gains/losses on pension assets/liabilities			6,640			(14,670)
Other Comprehensive Income and Expenditure			3,937			(13,718)
Total Comprehensive Income and Expenditure			(2,674)			(18,166)

BALANCE SHEET

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

	Note	31st March 2012 £'000	31st March 2011 £'000
Property, Plant and Equipment	12	52,893	44,680
Heritage Assets	13	15	15
Intangible Assets	15	103	77
Long Term Investments	16 + 47	8	8
Long Term Debtors	16 + 48	41	41
Long Term Assets		53,060	44,821
Short Term Investments	16	21,020	7,049
Inventories	17	60	91
Short Term Debtors	18	2,689	10,771
Cash and Cash Equivalents	19	3,942	903
Current Assets Held for Sale	20	52	16
Current Assets		27,763	18,830
Short Term Creditors	21	(14,369)	(5,468)
Capital Grants Receipts in Advance	23	(124)	(79)
Current Liabilities		(14,493)	(5,547)
Other Long Term Liabilities (Including Pension Liability)	40	(23,855)	(18,363)
Capital Grants Receipts in Advance	23	(924)	(866)
Long Term Liabilities		(24,779)	(19,229)
Net Assets		41,551	38,875
Usable reserves	24	(13,205)	(13,218)
Unusable reserves	25	(28,346)	(25,657)
Total Reserves		(41,551)	(38,875)

CASH FLOW STATEMENT

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

	2011/12 £'000	2010/11 £'000
Net (surplus) or deficit on the provision of services	(6,611)	(4,448)
Adjust for non cash movements (note 26)	(4,428)	2,138
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	9,448	518
Net cash flows from Operating Activities	(1,591)	(1,792)
Investing Activities (note 27)	13,267	(2,113)
Financing Activities (note 28)	(14,715)	3,953
Net (increase) or decrease in cash and cash equivalents	(3,039)	48
Cash and cash equivalents at the beginning of the reporting period	(903)	(951)
Cash and cash equivalents at the end of the reporting period (note 19)	(3,942)	(903)

NOTES TO THE CORE FINANCIAL STATEMENTS

1 Accounting Policies

A General Principles

The Statement of Accounts summarises the Council's transactions for the 2011/12 financial year and its position at the year-end of 31 March 2012. 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 Council Accounting in the United Kingdom 2011/12 and the Service Reporting Code of Practice 2011/12, 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 authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.
- Revenue from the provision of services is recognised when the authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for respectively as income and expenditure in the Income and Expenditure Statement on the basis of the effective interest rate for the relevant financial instrument, which may differ from the actual cash flows fixed or determined by the contract. Accrued interest is accounted for in the Balance Sheet as part of the carrying value of the financial instrument.
- 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 it is doubtful that debts will 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 and Council Tax Benefit Subsidy, the sums receivable have been estimated using the latest information available from the Housing Benefit and Council Tax Benefit systems.

NOTES TO THE CORE FINANCIAL STATEMENTS

- Where the Council is acting as an agent for another party (e.g., in the collection of NNDR and council tax), income and expenditure are recognised only to the extent that 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 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.

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

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

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. An adjusting transaction to the Capital Adjustment Account in the Movement in Reserves Statement on the General Fund Balance reverses out the amounts charged so there is no impact on the level of Council Tax.

NOTES TO THE CORE FINANCIAL STATEMENTS

F Employee Benefits

Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave, paid sick leave and any non-monetary benefits for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is only made in the Surplus or Deficit on the Provision of Services where the cost of untaken holiday entitlements and other leave carried forward into the next financial year is material. Where any accrual has been made, Statutory arrangements require the accrual to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. Any 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.

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. Such costs are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the 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 termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

Employees are members of, and the Council contributes to the Local Government Pension Scheme, administered by Suffolk County Council, to provide defined benefits to members in the form of pensions and retirement lump sums for its employees. These pension contributions and further costs that arise in respect of certain pensions paid to retired employees on an unfunded basis are charged to the service revenue accounts.

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.
- The assets of the Suffolk County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:

NOTES TO THE CORE FINANCIAL STATEMENTS

- quoted securities - current bid price
 - unquoted securities - professional estimate
 - unitised securities - current bid price
 - property - market value.
- The change in the net pensions liability is analysed into seven components:
 - Current Service Cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - Past Service Cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
 - Interest Cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
 - Expected Return on Assets - the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return - credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
 - Gains/Losses on Settlements and Curtailments - the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
 - Actuarial Gains and Losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve
 - 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 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 authorisation for issue date are not reflected in the Statement of Accounts.

H Exceptional Items

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

I 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.

J 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 and carried 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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

K 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 any conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future use of the asset being funded must be as stated, or the economic benefit or service potential of the asset 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/contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

L 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:

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 U 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 U in this summary of significant accounting policies).

M 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 (eg 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 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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

N 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, grounds and buildings maintenance and integrated asset management. 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. SCS sub-contracted the work on integrated asset management to NPS Property Consultants Limited, which is another part of the Norse Group. Profits and Losses are shared 50%/50% with SCS.

Following a review of the Group Accounting requirements of the 2011/12 Code of Practice on Local Authority Accounting (The Code), the Council's accounting relationship with SCS for 2011/12 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 29 January 2012, with adjustments for items between that date and 31 March 2012 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).

O Inventories

Inventories are carried 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.

P Investment Properties

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

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

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance.

NOTES TO THE CORE FINANCIAL STATEMENTS

However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Q Investments

Investments are included in the Balance Sheet at cost together with accrued interest at the Balance Sheet date. A differentiation is made between long-term and short-term investments. Any short-term investments that mature in seven days or less from the date of acquisition are treated as Cash Equivalents and are consolidated with cash balances in the Balance Sheet.

R Jointly Controlled Operations and Jointly Controlled Assets

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

S 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

NOTES TO THE CORE FINANCIAL STATEMENTS

- 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, revaluation and impairment losses arising on leased assets. An adjusting transaction to the Capital Adjustment Account in the Movement in Reserves Statement on the General Fund Balance reverses out the amounts charged so there is no impact on the level of council tax.

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 asset. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (for example where 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 an asset, the 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 liability (together with any premiums received), and
- finance income (credited to the Financing and investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

Operating Leases

Where the Council grants an operating lease over an asset, 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 (for example where 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.

T 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 2011/12 (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 any depreciation and impairment losses chargeable on surplus assets in Property, Plant and Equipment.

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

U 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

Measurement

Assets are initially measured at cost, comprising:

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

The cost of any assets acquired other than by purchase (for example exchange for non-monetary asset) is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, 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)
- all other assets - fair value, determined the amount that would be paid for the asset in its existing use (existing use value - EUV)

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

Assets included in the Balance Sheet at fair value are revalued 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 2011/12 is 1 April 2011. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a revaluation or impairment loss previously charged to a service).

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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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

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:

- Council Dwellings - straight-line allocation over 40 years
- Other buildings - straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant and equipment - straight line allocation over the useful life of the asset, as advised by a suitably qualified officer
- 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 3 years for IT equipment, to up to 60 years for new permanent buildings and some categories of infrastructure.

NOTES TO THE CORE FINANCIAL STATEMENTS

Where an item of Property, Plant and Equipment 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 1 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 should 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 (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

The written-off value of disposals is not a charge against council tax, as the cost of fixed 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.

V 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 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 (eg 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 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

W 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/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 and retirement benefits and therefore do not represent usable resources for the Council - these Unusable Reserves are explained elsewhere within the Accounting Statements.

X 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, 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

Y Collection Fund and Non-Domestic Rates

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR). The key features relevant to accounting for Council Tax and NNDR in the core financial statements are identified below.

In its capacity as a Billing Authority the Council acts as agent; it collects and distributes Council Tax income on behalf of the major preceptors and itself. Whilst the Council Tax income for the year credited to the Collection Fund is calculated on an accruals basis, Regulations determine when it should be released from the Collection Fund and transferred to the General Fund or paid out to major preceptors. Accordingly the Council only shows its share of the Council Tax debtor and creditor balances on its Balance Sheet together with the net creditor or debtor balance between itself and the major precepting bodies. This balance represents the difference between the amounts paid over to the major preceptors and their share of the net cash collected from tax payers.

Council Tax income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. The difference between the amount included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be transferred from the Collection Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Council's Cash Flow Statement includes in "Operating Activities" only the cash flows for its own share of Council Tax net cash collected from taxpayers in the year. The difference between the major preceptors' share of the net cash collected from taxpayers and the net cash paid to major preceptors as precepts and settlement of the previous years' surplus or deficit on the Collection Fund is included within the Financing Activities section of the Cash Flow Statement.

Cash collected from NNDR taxpayers by Billing Authorities (net of the Cost of Collection Allowance) belongs to the Government and the amount not yet paid to the Government at the Balance Sheet date is included in the Balance Sheet as a creditor; or if the cash paid to the Government exceeds the cash collected it is shown as a debtor.

NNDR cash receipts are not included in the Council's Cash Flow Statement except for the cash retained in respect of the Cost of Collection Allowance. Similarly the Council's payment into the NNDR national pool is not included in the Council's Cash Flow Statement as a cash outflow. The difference between the cash collected from NNDR taxpayers and the amount paid into the NNDR national pool is included in the Financing Activities section of the Cash Flow Statement.

Z 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

Local Authorities are now required to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2012 for 2011/12).

For the 2012/13 Statement of Accounts, the CIPFA Code includes amendments to IFRS 7 *Financial Instruments: Disclosures (Transfers of Financial Assets)*. The amendments are intended to assist users of the financial statements to evaluate the risk exposures that relate to the transfer of financial assets, and the effect of those risks on the Council's financial position. The changes will come into effect from 1 April 2012.

The transfers of financial assets described by the Accounting Standard are not ones that occur frequently in Local Authorities, and is not expected to have a material impact on the financial statements of this Council.

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 cost of ill health retirements in 2010/11 (amounting to £304k) was incorrectly treated within the 2010/11 accounts. These entries have been corrected within the 2011/12 accounts. There had been no change in accounting policy.

NOTES TO THE CORE FINANCIAL STATEMENTS

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2012 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

<u>Item</u>	<u>Uncertainties</u>	<u>Effect if Actual Results Differ from Assumptions</u>
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. 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.
Pensions Liability	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.	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.
Arrears	At 31 March 2012, the Council had a balance of sundry debtors of £2.447m. A review of significant balances suggested that an allowance for doubtful debts of £1.057m was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate, a doubling of the amount of doubtful debts would require an additional £0.316m to be set aside as an allowance. 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

Housing Benefit Subsidy

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 and Council Tax Benefit paid in the year to the value of £33.86 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.

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.

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 2011/12.

	2011/12	2010/11
	£'000	£'000
Exceptional Item - Change to Pension Obligation due to change in Inflation assumptions from RPI to CPI	-	(8,376)
	-	(8,376)

6 Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Head of Financial Services on 27 September 2012. 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 31 March 2012, 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 2011/12 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 is one non-adjusted Post Balance Sheet Events to disclose relating to the Felixstowe South Seafront Development

Over a number of years the Council has been in negotiation for the development of approximately 17 hectares of land in south Felixstowe. Post the reporting date of 31 March 2012 the agreement progressed to conclusion, subsequent to the granting of planning permission, during July 2012. The development provides for the construction of a maritime park and car parking in consideration for the development of 127 dwellings.

As part of the development the Council holds land valued at £222,500 as at 31 March 2012. Once the development is complete the land will be transferred to the developer as dwellings are completed. Recognising the difficult housing market the Council has secured the potential for additional sums should house prices rise above an agreed threshold of £188 per square foot. In addition, as included within Note 42 the Council has now received a sum of £452k for land and other costs borne by the Council to the commencement of the project. The following sums are also due to the Council:

- £75k on commencement of the building works for general scheme enhancement
- £220k for refurbishment of the Martello Tower on delivery of the tenth dwelling
- £670k on the completion of the 100th dwelling. This amount will be used towards the maintenance and provision of amenities within the project area with the exception of the amount to be used on the Martello Tower.

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

2010/11

	General Fund Balance £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Usable Reserves Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Movement in Unusable Reserves £'000	Total £'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	(1,933)		-	-	(1,933)	1,933	-
Revaluation losses on Property, Plant and Equipment	(2,049)		-	-	(2,049)	2,049	-
Amortisation of intangible assets	(33)		-	-	(33)	33	-
Capital grants and contributions that have been applied to capital financing	1,565		-	-	1,565	(1,565)	-
Revenue expenditure funded from capital under statute	(685)		-	-	(685)	685	-
Revenue expenditure funded from section 106 receipts	(355)		-	-	(355)	355	-
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	(304)		-	-	(304)	304	-
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>							
Capital expenditure charged against the General Fund balance	140		-	-	140	(140)	-
Adjustment involving the Capital Grants Unapplied Account							
Reversal of unapplied capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	264		-	(264)	-	-	-
Application of grants to capital financing	(179)		-	185	6	(6)	-
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	518		(510)	-	8	(8)	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-		354	-	354	(354)	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(2)		2	-	-	-	-
Housing Act Advances	-		(5)	-	(5)	5	-
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	-		(3)	-	(3)	3	-
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 40)	5,241		-	-	5,241	(5,241)	-
Employer's pensions contributions and direct payments to pensioners payable in the year	2,049		-	-	2,049	(2,049)	-
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	24		-	-	24	(24)	-
Total Adjustments	4,261	-	(162)	(79)	4,020	(4,020)	-

NOTES TO THE CORE FINANCIAL STATEMENTS

2011/12

	General Fund Balance £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Usable Reserves Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Movement in Unusable Reserves £'000	Total £'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	(2,251)				(2,251)	2,251	-
Revaluation losses on Property, Plant and Equipment	(162)				(162)	162	-
Amortisation of intangible assets	(44)				(44)	44	-
Capital grants and contributions that have been applied to capital financing	8,547				8,547	(8,547)	-
Revenue expenditure funded from capital under statute	(486)				(486)	486	-
Revenue expenditure funded from section 106 receipts	(249)				(249)	249	-
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	(1,144)				(1,144)	1,144	-
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>							
Capital expenditure charged against the General Fund balance	91				91	(91)	-
Adjustment involving the Capital Grants Unapplied Account							
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	241			(241)	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	(120)			120	-	-	-
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	915		(913)		2	(2)	-
Use of the Capital Receipts Reserve to finance new capital expenditure			1,255		1,255	(1,255)	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(2)		2	-	-	-	-
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)		(2)	2	-
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 40)	(1,544)				(1,544)	1,544	-
Employer's pensions contributions and direct payments to pensioners payable in the year	2,692				2,692	(2,692)	-
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	(81)				(81)	81	-
Total Adjustments	6,403	-	342	(121)	6,624	(6,624)	-

NOTES TO THE CORE FINANCIAL STATEMENTS

8 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 2010/11 and 2011/12.

	Balance 1 April 2010 £'000	Transfers Out 2010/11 £'000	Transfers In 2010/11 £'000	Balance 31 March 2011 £'000	Transfers Out 2011/12 £'000	Transfers in 2011/12 £'000	Balance 31 March 2012 £'000	Purpose of the Earmarked Reserve
General Fund:								
Actuarial Contributions	1,000	(401)	322	921	(207)		714	To meet the cost of lump sum payments to the Pension Fund and redundancy costs.
Benefit Verification	53	(53)	100	100		147	247	To provide a source of finance to implement Government legislative changes.
Business Incentive	1,595	(302)	-	1,293	(242)		1,051	To support economic development throughout the district.
Capital	1,453	(140)	62	1,375		148	1,523	To provide an additional source of finance for unspecified capital investment plans.
Climate Change	34	(6)	30	58	(7)		51	To provide an additional source of finance for initiatives to reduce climate change.
Coast Protection	135	-	83	218	(83)	10	145	To provide a source of finance to fund capital expenditure on coastal defences in the district.
County Sports Partnership	50	-	-	50	(50)			- Money held for core funding and active participation projects.
Efficiency Measures	263	(13)	-	250			250	To meet the cost of one-off investments in order to achieve long-term and continuing reductions in revenue expenditure
Elections	42	-	18	60	(67)	18	11	To provide a source of finance for the Council to meet the cost of District elections which take place every four years.
Grants	261	(72)	60	249	(61)	40	228	To provide grant aid towards local voluntary and charitable organisations.
Highfield Rd, Properties	-	-	32	32	(32)			- To meet the cost of the repair of properties at Highfield Rd, Felixstowe following the termination of a lease.
Housing and Planning Delivery	798	-	-	798	(87)		711	To provide a source of finance to fund service improvements in these service areas.
Housing Condition Survey	92	-	20	112		20	132	To meet the cost of the periodic survey of private sector housing within the district.

NOTES TO THE CORE FINANCIAL STATEMENTS

	Balance 1 April 2010 £'000	Transfers Out 2010/11 £'000	Transfers In 2010/11 £'000	Balance 31 March 2011 £'000	Transfers Out 2011/12 £'000	Transfers in 2011/12 £'000	Balance 31 March 2012 £'000	Purpose of the Earmarked Reserve
Land Charges	-	-	47	47			47	To provide a source of finance to implement service enhancements.
Local Development Framework	233	(82)	-	151	(23)		128	To meet the costs arising from the periodic preparation and adoption of the Local Development Framework.
Local Government Review & Shared Services	264	(44)	-	220			220	To meet potential one-off costs arising from Shared Services.
New Homes Bonus	-	-	-	-	-	251	251	To provide a source of finance to fund initiatives arising from the Big Society agenda.
Planning Delivery	199	(157)	-	42	(60)	18	-	Represents sums set aside for improvements to the planning process in line with the Council's Best Value Improvement Plan.
Port Health	1,011	(488)	877	1,400	(360)	775	1,815	To provide a source of finance to support the future investment and development of the Council's infrastructure at the Port of Felixstowe.
Positive Planning	50	(8)	-	42	(42)		-	To provide a source of finance to enhance communities within the district.
Recycling and Waste Management	-	-	150	150			150	To provide a source of finance to fund the one-off costs associated with waste reduction.
Suffolk Energy Action Link	3	(3)	-	-		7	7	Monies held to promote energy efficiency across the district.
Total	7,536	(1,769)	1,801	7,568	(1,321)	1,434	7,681	

NOTES TO THE CORE FINANCIAL STATEMENTS

9 Comprehensive Income and Expenditure Statement - Other Operating Expenditure

	2011/12 £'000	2010/11 £'000
Parish council precepts	2,222	2,092
Payments to the Government Housing Capital Receipts Pool	2	2
Gains/losses on the disposal of non current assets	229	(213)
Total	2,453	1,881

10 Comprehensive Income and Expenditure Statement - Financing and Investment Income and Expenditure

	2011/12 £'000	2010/11 £'000
Interest payable and similar charges	7	8
Pensions interest cost and expected return on pensions assets	259	1,046
Interest receivable and similar income (note 46)	(210)	(189)
Total	56	865

11 Comprehensive Income and Expenditure Statement - Taxation and Non Specific Grants Income

	2011/12 £'000	2010/11 £'000
Council tax income	(9,648)	(9,532)
Non domestic rates	(4,799)	(7,214)
Non-ring fenced government grants	(1,991)	(1,084)
Capital grant and contributions	(8,122)	(1,118)
Total	(24,560)	(18,948)

NOTES TO THE CORE FINANCIAL STATEMENTS

12 Property, Plant and Equipment

Movements on Balances

Movements in 2011/12:

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
Cost or Valuation								
At 1 April 2011	208	32,429	7,980	15,408	95	585	232	56,937
Restatement *	-	(131)	(220)	-	(6)	-	-	(357)
Additions	-	571	202	8,276	-	-	39	9,088
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	2,267	-	-	-	4	-	2,271
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(572)	-	-	6	20	-	(546)
Derecognition - Disposals	-	(176)	-	-	-	(5)	-	(181)
Assets reclassified (to)/from Held for Sale		(806)				(11)		(817)
Other movements in Cost or Valuation				232			(232)	-
At 31 March 2012	208	33,582	7,962	23,916	95	593	39	66,395

NOTES TO THE CORE FINANCIAL STATEMENTS

Accumulated Depreciation and Impairment

At 1 April 2011	8	908	5,921	5,418	2	-	-	12,257
Restatement *	-	(6)	(220)	-	-	-	-	(226)
Depreciation charge	4	801	679	752	-	-	-	2,236
Depreciation written out to the Revaluation Reserve	-	(380)	-	-	-	-	-	(380)
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	(384)	-	-	-	-	-	(384)
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	(1)	-	-	-	-	-	(1)
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-	-
At 31 March 2012	12	938	6,380	6,170	2	-	-	13,502
Net Book Value								
At 31 March 2012	196	32,644	1,582	17,746	93	593	39	52,893
At 31 March 2011	200	31,521	2,059	9,990	93	585	232	44,680

* £137k (£6k Accumulated Depreciation) restatement as a result of asset register reconciliation to the Councils Graphic Information System and £220k (£220k Accumulated Depreciation) being assets fully depreciated that the Council no longer holds or have no operational value

NOTES TO THE CORE FINANCIAL STATEMENTS

Comparative Movements in 2010/11:

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
Cost or Valuation								
At 1 April 2010	208	36,285	7,639	15,290	116	677	-	60,215
Restatement	-	20	141	(130)	(20)	-	-	11
Additions	-	284	209	248	-	1	232	974
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	(1,236)	-	-	-	(45)	-	(1,281)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(2,763)	-	-	-	(18)	-	(2,781)
Derecognition - Disposals	-	(141)	(9)	-	(1)	(26)	-	(177)
Assets reclassified (to)/from Held for Sale	-	(4)	-	-	-	16	-	12
Other movements in Cost or Valuation	-	(16)	-	-	-	(20)	-	(36)
At 31 March 2011	208	32,429	7,980	15,408	95	585	232	56,937

NOTES TO THE CORE FINANCIAL STATEMENTS

Accumulated Depreciation and Impairment

At 1 April 2010	4	1,462	5,168	4,763	2	-	-	11,399
Restatement	-	-	7	(15)	-	-	-	(8)
Depreciation charge	4	517	750	670	-	-	-	1,941
Depreciation written out to the Revaluation Reserve	-	(329)	-	-	-	(1)	-	(330)
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	(730)	-	-	-	(2)	-	(732)
Derecognition - Disposals	-	(9)	(4)	-	-	-	-	(13)
Other movements in Depreciation and Impairment	-	(3)	-	-	-	3	-	-
At 31 March 2011	8	908	5,921	5,418	2	-	-	12,257
Net Book Value								
At 31 March 2011	200	31,521	2,059	9,990	93	585	232	44,680
At 1 April 2010	204	34,823	2,471	10,527	114	677	-	48,816

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 2012, the Council has capital commitments in relation to Property, Plant & Equipment estimated at £716,000 (£151,000 in previous year)

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 2011/12 is 1 April 2011.

NOTES TO THE CORE FINANCIAL STATEMENTS

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total £'000
Carried at historical cost	-	45	7,962	23,916	-	-	39	31,962
Value at fair value as at:								
31 March 2012	-	24,662	-	-	6	107	-	24,775
Restatement	-	31	-	-	-	-	-	31
31 March 2011	-	2,478	-	-	-	486	-	2,964
31 March 2010	208	4,927	-	-	25	-	-	5,160
31 March 2009	-	27	-	-	-	-	-	27
31 March 2008	-	1,412	-	-	64	-	-	1,476
Total Cost or Valuation	208	33,582	7,962	23,916	95	593	39	66,395

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 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)	Martello Tower £'000	Civic Regalia £'000	Roman Coins £'000	Total Assets £'000
1 April 2010	-	11	4	15
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluations	-	-	-	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-
Impairment losses/(reversals) recognised in Surplus / Deficit on Provision of Services	-	-	-	-
Depreciation	-	-	-	-
31 March 2011	-	11	4	15
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluations	-	-	-	-
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-
Impairment losses/(reversals) recognised in Surplus / Deficit on Provision of Services	-	-	-	-
Depreciation	-	-	-	-
31 March 2012	-	11	4	15

Summary of Heritage Asset transactions

The Council was in possession of all of its Heritage Assets prior to 1 April 2007. There have been no transactions during this time.

Civic Regalia

The Council's Civic Regalia consists of the Chairmans 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

NOTES TO THE CORE FINANCIAL STATEMENTS

14 Investment Properties

The council has no assets that meet the definition of Investment Properties under the CIPFA Code of Practice.

15 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 5 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:

	2011/12	Total	2010/11	Total
	Internally Generated Assets £'000	Other Assets £'000	Internally Generated Assets £'000	Other Assets £'000
Balance at start of year:				
• Gross carrying amount	-	607	-	573
• Restatement	-	-	-	(11)
• Accumulated amortisation	-	(530)	-	(496)
• Restatement	-	-	-	2
Net carrying amount at start of year	-	77	-	68
Additions:				
• Purchases	-	70	-	45
Amortisation for the period	-	(44)	-	(36)
Net carrying amount at end of year	-	103	-	77
Comprising				
• Gross carrying amount	-	677	-	607
• Accumulated amortisation	-	(574)	-	(530)
	-	103	-	77

The Council does not have any items of capitalised software that are individually material to the financial statements.

NOTES TO THE CORE FINANCIAL STATEMENTS

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 2012, the Council has no capital commitments in relation to Intangible Assets (31 March 2011 nil).

NOTES TO THE CORE FINANCIAL STATEMENTS

16 Financial Instruments

Categories of Financial Instruments

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

	Long-term			Current		
	31 March 2012 £'000	31 March 2011 £'000	1 April 2010 £'000	31 March 2012 £'000	31 March 2011 £'000	1 April 2010 £'000
Investments						
Loans and receivables	8	8	8	21,020	7,049	8,037
Total investments	8	8	8	21,020	7,049	8,037
Debtors						
Loans and receivables	41	41	49	6,096	4,089	3,335
Total debtors	41	41	49	6,096	4,089	3,335
Creditors						
Financial liabilities at amortised cost	-	-	-	(2,732)	(3,354)	(2,536)
Total creditors	-	-	-	(2,732)	(3,354)	(2,536)
Total Financial Instruments	49	49	57	24,384	7,784	8,836

NOTES TO THE CORE FINANCIAL STATEMENTS

Income, Expense, Gains and Losses

	2011/12					2010/11				
	Financial Liabilities	Financial Assets			Total	Financial Liabilities	Financial Assets			Total
	Liabilities measured at amortised cost	Loans and receivables	Available-for-sale assets	Assets and Liabilities at Fair Value through Profit and Loss		Liabilities measured at amortised cost	Loans and receivables	Available-for-sale assets	Assets and Liabilities at Fair Value through Profit and Loss	
	2011/12 £'000	2011/12 £'000	2011/12 £'000	2011/12 £'000	2011/12 £'000	2010/11 £'000	2010/11 £'000	2010/11 £'000	2010/11 £'000	2010/11 £'000
Interest expense	6	-	-	-	6	8	-	-	-	8
Losses on derecognition	-	-	-	-	-	-	-	-	-	-
Reductions in fair value	-	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-	-
Fee expense	-	-	-	-	-	-	-	-	-	-
Total expense in Surplus or Deficit on the Provision of Services	6	-	-	-	6	8	-	-	-	8
Interest income	-	(210)	-	-	(210)	-	(189)	-	-	(189)
Interest income accrued on impaired financial assets	-	-	-	-	-	-	-	-	-	-
Increases in fair value	-	-	-	-	-	-	-	-	-	-
Gains on derecognition	-	-	-	-	-	-	-	-	-	-
Fee income	-	-	-	-	-	-	-	-	-	-
Total income in Surplus or Deficit on the Provision of Services	-	(210)	-	-	(210)	-	(189)	-	-	(189)
Gains on revaluation	-	-	-	-	-	-	-	-	-	-
Losses on revaluation	-	-	-	-	-	-	-	-	-	-
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	-	-	-	-	-	-	-	-	-	-
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	-
Net (gain) / loss for the year	6	(210)	-	-	(204)	8	(189)	-	-	(181)

NOTES TO THE CORE FINANCIAL STATEMENTS

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
- 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 2012		31 March 2011		1 April 2010	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000	£'000	£'000
Financial liabilities	2,732	2,732	3,354	3,354	2,536	2,536

	31 March 2012		31 March 2011		1 April 2010	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000	£'000	£'000
Loans and receivables	27,165	27,165	11,187	11,187	11,429	11,429

NOTES TO THE CORE FINANCIAL STATEMENTS

17 Inventories

	Trading Stocks		Other Minor Stocks		Works in Progress		Total	
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance outstanding at start of year	-	-	42	61	49	60	91	121
Purchases	-	-	51	92	6	26	57	118
Recognised as an expense in the year	-	-	(63)	(111)	(25)	(37)	(88)	(148)
Written off balances	-	-	-	-	-	-	-	-
Reversals of write-offs in previous years	-	-	-	-	-	-	-	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Balance outstanding at year-end	-	-	30	42	30	49	60	91

18 Debtors

	31 March 2012 £'000	31 March 2011 £'000
Central Government bodies	145	7,672
Other Local Authorities	661	1,228
NHS	36	-
Public Corporations and trading funds	26	-
Council Taxpayers	472	357
Other entities and individuals	2,389	2,064
Prepayments	139	414
Unsecured Loans (falling due after one year)	-	-
Total	3,868	11,735
less Bad Debt Impairment Provisions		
Council Taxpayers	(122)	(74)
Other service debtors	(1,057)	(890)
Total	2,689	10,771

NOTES TO THE CORE FINANCIAL STATEMENTS

19 Cash Flow Statement - Cash and Cash Equivalents

	31 March 2012 £'000	31 March 2011 £'000
Cash held by officers	2	2
Bank current accounts	3,940	901
Short-term deposits with building societies	-	-
Total	3,942	903

In addition to the cash and cash equivalents shown on the balance sheet at 31 March 2012, the Council also holds a total of £1.212m in relation to Partnerships which it hosts (31 March 2011 £1.346m)

	31 March 2012 £'000	31 March 2011 £'000
County Sports Partnership	831	749
Local Strategic Partnership	381	597
Total	1,212	1,346

20 Assets Held for Sale

	Current		Non Current	
	2011/12 £'000	2010/11 £'000	2011/12 £'000	2010/11 £'000
Balance outstanding at start of year	16	115	-	-
Assets newly classified as held for sale:	-			
Property, Plant and Equipment	833	24	-	-
Intangible Assets	-	-	-	-
Other assets/liabilities in disposal groups	-	-	-	-
Revaluation losses	-	-	-	-
Revaluation gains	-	-	-	-
Impairment losses	(15)	-	-	-
Assets declassified as held for sale:	-			
Property, Plant and Equipment	(16)	-	-	-
Intangible Assets	-	-	-	-
Other assets/liabilities in disposal groups	-	-	-	-
Assets sold	(766)	(123)	-	-
Transfers from non current to current	-	-	-	-
Balance outstanding at year-end	52	16	-	-

NOTES TO THE CORE FINANCIAL STATEMENTS

21 Creditors

	31 March 2012 £'000	31 March 2011 £'000
Central Government bodies	10,471	1,511
Other Local Authorities	1,544	1,255
NHS bodies	1	2
Public corporations and trading funds	70	40
Other entities and individuals	1,520	1,499
Receipts in Advance	763	1,161
Total	14,369	5,468

22 Provisions

The Council had no provisions as at 31 March 2012 (31 March 2011 £Nil).

23 Grant Income

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

	2011/12 £'000	2010/11 £'000
Credited to Taxation and Non-Specific Grant Income		
Non domestic rates	(4,799)	(7,214)
Non-ring fenced government grants	(1,991)	(1,084)
Capital grant and contributions	(8,122)	(1,118)
Total	(14,912)	(9,416)
Credited to Services		
Council Tax Benefits Subsidy	7,051	7,357
Housing Benefits Subsidy	26,107	25,433
Benefits Administration Grant	711	734
Concessionary Fares Grant	-	130
Disabled Facilities Grants	486	532
Other Grants	324	575
Total	34,679	34,761

NOTES TO THE CORE FINANCIAL STATEMENTS

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 2012 £'000	31 March 2011 £'000
Capital Grants Receipts in Advance (Short-Term)		
s106 Contributions	107	79
Coast Protection	17	-
Total	124	79
Capital Grants Receipts in Advance (Long-Term)		
s106 Contributions	924	758
Coast Protection	-	108
Total	924	866

NOTES TO THE CORE FINANCIAL STATEMENTS

24 Balance Sheet - Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement note 7. Note 8 specifies the purpose of each Earmarked Reserve. The purpose of the remaining Usable Reserves is detailed below;

	31st March 2012 £'000	31st March 2011 £'000
<u>Held for Capital Purposes</u>		
Capital Receipts Reserve	(579)	(921)
Capital Grants Unapplied Reserve	(1,508)	(1,387)
Earmarked Reserves	(1,668)	(1,593)
	(3,755)	(3,901)
<u>Held for Revenue Purposes</u>		
General Fund	(3,437)	(3,342)
Earmarked Reserves	(6,013)	(5,975)
	(9,450)	(9,317)
Total Usable Reserves	(13,205)	(13,218)

Capital Receipts Reserve

This reserve is funded from Capital Receipts (through the disposal of assets) and is used to finance capital expenditure.

Capital Grants Unapplied

This reserve represents capital grants and contributions, free from conditions, that are available to finance capital expenditure.

General Fund

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

NOTES TO THE CORE FINANCIAL STATEMENTS

25 Balance Sheet - Unusable Reserves

	31st March 2012 £'000	31st March 2011 £'000
Revaluation Reserve	(9,698)	(7,612)
Available for Sale Financial Instruments Reserve	-	-
Capital Adjustment Account	(42,434)	(36,257)
Deferred Capital Receipts Reserve	(88)	(90)
Pensions Reserve	23,855	18,363
Collection Fund Adjustment Account	19	(61)
Accumulating Compensated Absences Adjustment Account	-	-
Total Unusable Reserves	(28,346)	(25,657)

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

	2011/12 £'000	2010/11 £'000
Balance at 1 April		
Upward revaluation of assets	(7,612) (3,537)	(8,739) (1,043)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	834	2,010
Surplus or deficit on revaluation of non-current assets posted to the Comprehensive Income and Expenditure Statement	(2,703)	967
Difference between fair value depreciation and historical cost depreciation	151	52
Accumulated gains on assets sold or scrapped	466	108
Amount written off to the Capital Adjustment Account	617	160
Balance at 31 March	(9,698)	(7,612)

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

	2011/12 £'000	2010/11 £'000
Balance at 1 April	(36,257)	(39,388)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
• Charges for depreciation and impairment of non current assets	2,236	1,933
• Revaluation losses on Property, Plant and Equipment	162	2,049
• Amortisation of intangible assets	44	33
• Revenue expenditure funded from capital under statute	486	685
• Revenue expenditure funded from section 106 receipts	249	355
• 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	1,144	304
• Housing Act Advances	-	5
• Other	12	(14)
Adjusting amounts written out of the Revaluation Reserve		
• Amortisation of Revaluation Reserve	(151)	(52)
• Amounts written out on disposal of assets	(466)	(108)
Net written out amount of the cost of non current assets consumed in the year		
Capital financing applied in the year:		
• Use of Capital Receipts Reserve to finance new capital expenditure	(1,255)	(354)
• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(8,547)	(1,565)
• Application of grants to capital financing from the Capital Grants Unapplied Account		
• Capital expenditure charged against the General Fund balance	(91)	(140)
Balance at 31 March	(42,434)	(36,257)

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.

	2011/12 £'000	2010/11 £'000
Balance at 1 April	(90)	(93)
Transfer to the Capital Receipts Reserve upon receipt of cash	2	3
Balance at 31 March	(88)	(90)

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

	2011/12	2010/11
	£'000	£'000
Balance at 1 April	18,363	40,323
Actuarial gains or losses on pensions assets and liabilities	6,640	(14,670)
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	1,544	(5,241)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,692)	(2,049)
Balance at 31 March	23,855	18,363

Collection Fund Adjustment Account

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

	2011/12	2010/11
	£'000	£'000
Balance at 1 April	(61)	(37)
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	80	(24)
Balance at 31 March	19	(61)

NOTES TO THE CORE FINANCIAL STATEMENTS

26 Cash Flow Statement - Non-Cash Adjustments and Operating Activities

	2011/12 £'000	2010/11 £'000
The following non-cash items have been adjusted in the Cash Flow Statement:		
Depreciation and Amortisation of Tangible Assets	2,295	1,966
Impairment and Downward valuations	162	2,049
Change in Creditors	1,326	2,169
Change in Debtors	594	(148)
Change in Inventory	31	30
Pension Liability	(1,148)	(7,290)
Carrying value of Non-Current Assets disposed	1,144	288
Other non-cash items charged to Surplus / Deficit on Provision of Services	24	(1,202)
	<u>4,428</u>	<u>(2,138)</u>
Interest received	(234)	(176)
Interest paid	7	-
Total	<u>(227)</u>	<u>(176)</u>

27 Cash Flow Statement - Investing Activities

	2011/12 £'000	2010/11 £'000
Purchase of property, plant and equipment, investment property and intangible assets	8,885	1,129
Purchase of short-term and long-term investments	228,570	97,000
Other payments for investing activities	3	117
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(915)	(518)
Proceeds from short-term and long-term investments	(214,570)	(98,000)
Other receipts from investing activities	(8,706)	(1,841)
Net cash flows from investing activities	<u>13,267</u>	<u>(2,113)</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

28 Cash Flow Statement - Financing Activities

	2011/12 £'000	2010/11 £'000
Cash receipts of short- and long-term borrowing	-	-
Other receipts from financing activities	-	-
Other payments for financing activities	14,715	3,953
Net cash flows from financing activities	14,715	3,953

NOTES TO THE CORE FINANCIAL STATEMENTS

29 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the 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	2011/12								
	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	(4,522)	(18)	(3,502)	(1,416)	-	(1,326)	(1,362)	(438)	(12,584)
Government grants	(30)	(30)	(9)	(34,514)	-	(45)	(17)	(495)	(35,140)
Total Income	(4,552)	(48)	(3,511)	(35,930)	-	(1,371)	(1,379)	(933)	(47,724)
Employee expenses	2,698	64	716	1,327	79	1,034	1,166	801	7,885
Other service expenses	1,350	244	7,331	35,042	25	2,734	414	1,350	48,490
Support services recharges	359	69	169	674	(62)	509	834	2,029	4,581
Total Expenditure	4,407	377	8,216	37,043	42	4,277	2,414	4,180	60,956
Net Expenditure	(145)	329	4,705	1,113	42	2,906	1,035	3,247	13,232

Between year variances are broadly due to;
 Customers & Communities - responsibility for Concessionary Travel transferred from District to County Councils on 1 April 2011.
 Green Environment & Operational Partnerships - reduction in other service expenses primarily arising from savings and general budget variations within the SCS partnership.
 Housing - variation at total income and expenditure level around benefits subsidy payments.

NOTES TO THE CORE FINANCIAL STATEMENTS

Service Income and Expenditure

	2010/11 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	(4,361)	(32)	(3,402)	(930)	(2)	(1,587)	(1,349)	(1,102)	(12,765)
Government grants	(39)	(218)	(17)	(34,340)	-	(70)	-	(42)	(34,726)
Total Income	(4,400)	(250)	(3,419)	(35,270)	(2)	(1,657)	(1,349)	(1,144)	(47,491)
Employee expenses	2,781	68	793	1,609	89	1,062	1,618	1,120	9,140
Other service expenses	1,328	1,156	7,568	34,318	260	3,039	610	1,332	49,611
Support services recharges	485	67	291	837	(87)	586	1,221	3,097	6,497
Total Expenditure	4,594	1,291	8,652	36,764	262	4,687	3,449	5,549	65,248
Net Expenditure	194	1,041	5,233	1,494	260	3,030	2,100	4,405	17,757

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.

	2011/12 £'000	2010/11 £'000
Net expenditure in the Service Analysis	13,232	17,757
Net expenditure of services and support services not included in the Analysis (note 8)	-	(8,376)
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	2,137	2,373
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	-	-
Cost of Services in Comprehensive Income and Expenditure Statement	15,369	11,754

NOTES TO THE CORE FINANCIAL STATEMENTS

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.

	2011/12								
	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	(12,584)	-	-	-	(12,584)		(12,584)	-	(12,584)
Surplus or deficit on associates and joint	-	-	-	-	-		-	(42)	(42)
Interest and investment income	-	-	-	-	-	(203)	(203)	-	(203)
Income from council tax	-	-	-	-	-	(9,648)	(9,648)	-	(9,648)
Government grants and contributions	(35,140)	-	-	-	(35,140)	(14,841)	(49,981)	-	(49,981)
Total Income	(47,724)	-	-	-	(47,724)	(24,692)	(72,416)	(42)	(72,458)
Employee expenses	7,885	-	-	-	7,885	-	7,885	-	7,885
Other services expenses	48,490	-	-	-	48,490	-	48,490	-	48,490
Support Service recharges	4,581	-	-	-	4,581	-	4,581	-	4,581
Depreciation, amortisation and impairment	-	-	2,137	-	2,137	-	2,137	-	2,137
Interest Payments	-	-	-	-	-	259	259	-	259
Precepts & Levies	-	-	-	-	-	2,222	2,222	-	2,222
Payments to Housing Capital Receipts Pool	-	-	-	-	-	2	2	-	2
Gain or Loss on Disposal of Non-Current Assets	-	-	-	-	-	229	229	-	229
Total Expenditure	60,956	-	2,137	-	63,093	2,712	65,805	-	65,805
Surplus or deficit on the provision of services	13,232	-	2,137	-	15,369	(21,980)	(6,611)	(42)	(6,653)

NOTES TO THE CORE FINANCIAL STATEMENTS

	2010/11 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	(12,765)	-	-	(360)	(13,125)	-	(13,125)	-	(13,125)
Surplus or deficit on associates and joint	-	-	-	-	-	-	-	(111)	(111)
Interest and investment income	-	-	-	-	-	(181)	(181)	-	(181)
Income from council tax	-	-	-	-	-	(9,532)	(9,532)	-	(9,532)
Government grants and contributions	(34,726)	-	-	-	(34,726)	(9,416)	(44,142)	-	(44,142)
Total Income	(47,491)	-	-	(360)	(47,851)	(19,129)	(66,980)	(111)	(67,091)
Employee expenses	9,140	(8,376)	-	3,570	4,334	-	4,334	-	4,334
Other services expenses	49,611	-	-	1,467	51,078	-	51,078	-	51,078
Support Service recharges	6,497	-	-	(6,319)	178	-	178	-	178
Depreciation, amortisation and impairment	-	-	2,373	1,642	4,015	-	4,015	-	4,015
Interest Payments	-	-	-	-	-	1,046	1,046	-	1,046
Precepts & Levies	-	-	-	-	-	2,092	2,092	-	2,092
Payments to Housing Capital Receipts Pool	-	-	-	-	-	2	2	-	2
Gain or Loss on Disposal of Non-Current Assets	-	-	-	-	-	(213)	(213)	-	(213)
Total Expenditure	65,248	(8,376)	2,373	360	59,605	2,927	62,532	-	62,532
Surplus or deficit on the provision of services	17,757	(8,376)	2,373	-	11,754	(16,202)	(4,448)	(111)	(4,559)

NOTES TO THE CORE FINANCIAL STATEMENTS

30 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.

	2011/12 £'000	2010/11 £'000
Grass Cutting		
Expenditure	148	175
Income	(59)	(63)
Net (surplus)/deficit	89	112
Tree Maintenance		
Expenditure	18	29
Income	(19)	(32)
Net (surplus)/deficit	(1)	(3)
Total Agency Services		
Expenditure	166	204
Income	(78)	(95)
Net (surplus)/deficit	88	109
Suffolk County Council specify the minimum works to be carried out in respect of the above agency services but the Council has chosen to provide an increased level of service at greater cost, resulting in the net deficit.		

31 Trading Operations

The Council does not operate any trading operations.

32 Members' Allowances

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

	2011/12 £'000	2010/11 £'000
Basic, Attendance and Special Responsibility Allowances	314	321
Subsistence and Expenses	21	18
Total	335	339

NOTES TO THE CORE FINANCIAL STATEMENTS

33 Officers' Remuneration

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

		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	2011/12	128,061	-	-	128,061	21,255	149,316	-
	2010/11	138,306	1,008	-	139,314	19,081	158,395	-
Strategic Director	2011/12	-	-	-	-	-	-	-
	2010/11	24,538	297	-	24,835	3,656	28,491	-
Strategic Director	2011/12	82,236	-	-	82,236	13,649	95,885	-
	2010/11	82,236	1,096	-	83,332	12,253	95,585	-
Head of Financial Services	2011/12	59,195	-	-	59,195	9,821	69,016	-
	2010/11	35,547	692	-	36,239	5,297	41,536	-
Audit Partnership Manager (see Note)	2011/12	34,707	-	58,907	93,614	5,759	99,373	-
	2010/11	70,059	1,102	-	71,161	10,439	81,600	-
Audit Partnership Manager (see Note)	2011/12	56,049	-	-	56,049	9,130	65,179	-
	2010/11	-	-	-	-	-	-	-
Head of Planning Services & Coastal Management	2011/12	68,895	-	-	68,895	11,435	80,330	-
	2010/11	68,895	974	-	69,869	10,265	80,134	-
Head of Legal and Democratic Services	2011/12	59,195	-	-	59,195	9,821	69,016	-
	2010/11	59,034	642	-	59,676	8,796	68,472	-
Head of Environmental Services and Port Health	2011/12	57,575	-	-	57,575	9,552	67,127	-
	2010/11	57,414	1,057	-	58,471	8,555	67,026	-
Head of Housing and Benefits	2011/12	-	-	-	-	-	-	-
	2010/11	45,263	857	-	46,120	6,416	52,536	-
Head of Community and Economic Services	2011/12	60,929	-	-	60,929	10,109	71,038	-
	2010/11	57,414	901	-	58,315	8,555	66,870	-
Head of Strategic Services	2011/12	58,411	-	27,721	86,132	9,639	95,771	-
	2010/11	54,906	646	-	55,552	8,181	63,733	-

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE

The Audit Partnership Manager left the Council on 30 September 2011 and was replaced by another officer who started on 1 June 2011. This officer was already employed by the Council in a post that was not part of the senior management structure. Part of the pay of this officer therefore relates to the period prior to the officer becoming part of the senior management team.

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. The team structure was revised towards the end of 2011/12 and now consists of a Chief Executive, an Assistant Chief Executive, two Directors and nine Heads of Service. 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. Seven 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 35, Related Parties.

Shared Senior Management costs	2011/12	2011/12	2010/11	2010/11
	Expenditure by SCDC	Expenditure by WDC	Expenditure by SCDC	Expenditure by WDC
	£	£	£	£
Chief Executive	173,121	-	85,225	-
Strategic Director	108,192	-	53,115	-
Strategic Director	-	41,257	-	50,373
Assistant Chief Executive	-	106,042	-	49,440
Director of Resources	-	115,179	-	54,747
Head of Environmental Services and Port Health	77,708	-	37,763	-
Head of Customer Services and Commercial Partnerships	-	77,347	-	38,781
Head of Planning Services	92,719	-	45,686	-
Head of Legal and Democratic Services	78,264	-	37,862	-
Head of Strategic Housing and Tenant Services	-	76,809	-	37,874
Head of ICT and Corporate Services	93,144	-	35,823	-
Head of Revenues and Benefits	-	77,551	-	38,287
Head of Financial Services	80,026	-	38,780	-
Head of Community and Economic Services	81,329	-	38,003	-
Senior Management direct support costs	48,794	85,197	26,671	41,456
Audit Partnership Manager	19,865	-	18,074	-
Total spend	853,162	579,382	417,002	310,958
Net adjustment between councils	(136,890)	136,890	(53,022)	53,022
	716,272	716,272	363,980	363,980

NOTES TO THE CORE FINANCIAL STATEMENTS

The names of individual officers are not required to be disclosed, as this is only a requirement if their salary exceeds £150,000 per annum. The amounts for 2011/12 are not comparable with 2010/11 since the 2010/11 costs relate to a part year only.

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

Remuneration band	2011/12		2010/11	
	Total	Left in Year	Total	Left in Year
£50,000 - £54,999	2	1	3	1
£55,000 - £59,999	7	-	7	-
£60,000 - £64,999	1	-	1	1
£65,000 - £69,999	1	-	1	-
£70,000 - £74,999	-	-	1	-
£75,000 - £79,999	-	-	-	-
£80,000 - £84,999	1	-	1	-
£85,000 - £89,999	1	1	-	-
£90,000 - £94,999	1	1	-	-
£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	-	-	-
£130,000 - £134,999	-	-	-	-
£135,000 - £139,999	-	-	1	-
	15	3	15	2

The above numbers include officers who were made redundant during the 2011/12 financial year, 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.

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	
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
							£	£
£0 - £20,000	2	2	7	14	9	16	66,103	167,869
£20,001 - £40,000	1	-	2	5	3	5	73,896	144,770
£40,001 - £60,000	-	-	-	3	-	3	-	155,768
£60,001 - £80,000	-	-	-	1	-	1	-	68,366
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
TOTAL	3	2	9	23	12	25	139,999	536,773

The total cost in the above table covers exit packages 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 as they are not discretionary and do not therefore meet the definition of termination benefits under the CIPFA Code of Practice.

NOTES TO THE CORE FINANCIAL STATEMENTS

34 External Audit Costs

The Council has planned to incur 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

	2011/12 £'000	2010/11 £'000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor for the year	111	140
Fees payable to the Audit Commission in respect of Statutory Inspections	-	-
Fees payable to the Audit Commission for the certification of grant claims and returns for the year	46	50
Fees payable in respect of other services provided by the appointed auditor during the year	-	-
Total	157	190

The table above shows planned fees payable to the auditors for the year of account in advance of the audit work being completed. Actual amounts charged to 2011/12 for 2010/11 audit work were as follows:

	2011/12 £'000	2010/11 £'000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor for the year	107	113
Fees payable to the Audit Commission in respect of Statutory Inspections	-	-
Fees payable to the Audit Commission for the certification of grant claims and returns for the year	50	51
Fees payable in respect of other services provided by the appointed auditor during the year	-	23
Total	157	187

There will be some costs in relation to investigation work relating to an objection to the 2010/11 accounts that were not known at the date the 2011/12 accounts were drawn up. Provision to meet these costs has been made within the 2012/13 budget from the budget carry forwards.

35 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.

Central 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 23 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 33 to the Core Financial Statements.

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 2011/12 is shown in note 32. During 2011/12, the Council made payments totalling £217k (£264k in 2010/11) 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.

Other Public Bodies

Other public bodies are subject to common control by Central Government, and the transactions and balances with these bodies are listed below where they are not disclosed elsewhere in the Statement of Accounts:

	2011/12		2010/11	
	Transactions £'000	Balance £'000	Transactions £'000	Balance £'000
Precepts and levies paid to other Authorities:				
Environment Agency	-	-	9	-
Rivers and Drainage Authorities	55	-	52	-
Contributions received from other Authorities and Public Bodies:				
Waveney District Council - Audit Services	28	17	44	4
Waveney District Council - Print Services	12	3	17	2
Ipswich Borough Council	108	43	115	16
Suffolk County Council - Recycling Credits	1,624	366	1,564	725
Suffolk County Council - Other	463	136	148	89
Other Local Authorities	131	12	84	1
Transactions with Councillors	-	-	-	-

Other Entities Controlled or Influenced by the Council

Details of the latest available turnover and gross profit figures for Suffolk Coastal Services Limited up to 29 January 2012, together with amounts outstanding between the Council and the Company at the end of March 2012, are set out in Note 44 to the Core Financial Statements.

NOTES TO THE CORE FINANCIAL STATEMENTS

36 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.

	2011/12 £'000	2010/11 £'000
<i>Opening Capital Financing Requirement</i>	-	-
<i>Capital investment</i>		
Property, Plant and Equipment	9,088	974
Intangible Assets	70	45
Revenue Expenditure Funded from Capital under Statute	486	685
	9,644	1,704
Total Capital Investment	9,644	1,704
<i>Sources of finance</i>		
Capital receipts	(1,255)	(354)
Government grants and other contributions	(8,298)	(1,210)
Sums set aside from revenue:		
Direct revenue contributions	(91)	(140)
<i>Closing Capital Financing Requirement</i>	-	-

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 house renovation 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

37 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 2012 £'000	31 March 2011 £'000
Not later than one year	66	74
Later than one year and not later than five years	4	1
Later than five years	3	-
	<u>73</u>	<u>75</u>

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

	Other Land and Buildings 2011/12 £'000	2010/11 £'000
Minimum lease payments ;		
Cultural, Environmental, Regulatory and Planning Services -		
Lease of land at Sweffling	1	1
Offices of the Port Health Authority.	59	57
Aldeburgh Tourist Information Centre	-	12
Woodbridge Tourist Information Centre	4	4
Other minor leases	1	1
	<u>65</u>	<u>75</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

Disclosures as Lessor

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:

Movements in 2011/12:	Council Dwellings £'000	Other Land and Buildings £'000	Surplus £'000	Total Property, Plant and Equipment £'000	Held for Sale £'000
Cost or Valuation					
At 1 April 2011	208	16,398	72	16,678	-
Additions	-	115	-	115	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	1,143	-	1,143	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	144	20	164	-
Derecognition - Disposals	-	-	-	-	(119)
Assets reclassified (to)/from Held for Sale	-	(175)	-	(175)	175
At 31 March 2012	208	17,625	92	17,925	56
Accumulated Depreciation and Impairment					
At 1 April 2011	8	430	-	438	-
Depreciation charge	4	566	-	570	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	(316)	-	(316)	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(143)	-	(143)	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the	-	-	-	-	15
At 31 March 2012	12	537	-	549	15
Net Book Value					
At 31 March 2012	196	17,088	92	17,376	41
At 31 March 2011	200	15,968	72	16,240	-

NOTES TO THE CORE FINANCIAL STATEMENTS

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

	31 March 2012 £'000	31 March 2011 £'000
Not later than one year	165	173
Later than one year and not later than five years	695	593
Later than five years	2,088	1,536
	<u>2,948</u>	<u>2,302</u>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into. There were no material contingent rents receivable by the Council under operating leases for 2010/11 and 2011/12.

38 Impairment Losses

During 2011/12, 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. The Council has however recognised an impairment loss of £15k in relation to land at Slaughden Quay, Aldeburgh, an Asset held for Sale due to works required to the quay wall.

39 Termination Benefits

The Council terminated the contracts (via redundancy) of 12 employees in 2011/12, incurring liabilities of £140k (25 employees totalling £537k in 2010/11)

There were two employees leaving due to ill health in 2011/12 at no cost (three employees, £303,884 in 2010/11).

40 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 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

	2011/12 £'000	2010/11 £'000
Comprehensive Income and Expenditure Statement		
<i>Cost of Services:</i>		
Current service cost	1,425	1,717
Past Service cost	(304)	(8,072)
Settlements and Curtailments	164	68
 <i>Financing and Investment Income and Expenditure</i>		
Interest cost	4,190	4,818
Expected return on scheme assets	(3,931)	(3,772)
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	1,544	(5,241)
 <i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
Actuarial (gains) and losses	6,640	(14,670)
	6,640	(14,670)
 <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	(1,544)	5,241
 <i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
Employers' contributions payable to scheme	2,692	2,049
<i>Pensions Reserve appropriation</i>	1,148	7,290
 The cumulative amount of actuarial gains and losses recognised in Other Comprehensive Income and Expenditure Statement in the actuarial gains or losses on pensions assets and liabilities line at 31 March 2012 is a loss of £24.521m (£17.881m loss at 31 March 2011)		

NOTES TO THE CORE FINANCIAL STATEMENTS

Reconciliation of present value of the scheme liabilities (defined benefit obligation):		
	2011/12 £'000	2010/11 £'000
Opening balance 1 April	77,231	94,416
Current service cost	1,425	1,717
Interest cost	4,190	4,818
Contributions by scheme participants	501	548
Actuarial gains and losses	3,254	(13,270)
Benefits paid	(3,601)	(2,994)
Settlements and curtailments	164	68
Past service costs	(304)	(8,072)
Closing balance at 31 March	<u>82,860</u>	<u>77,231</u>
Reconciliation of fair value of the scheme (plan) assets:		
	2011/12 £'000	2010/11 £'000
Opening balance 1 April	58,868	54,093
Expected rate of return	3,931	3,772
Actuarial gains and losses	(3,401)	1,400
Employer contributions	2,707	2,049
Contributions by scheme participants	501	548
Settlements	-	-
Benefits paid	(3,601)	(2,994)
Closing balance at 31 March	<u>59,005</u>	<u>58,868</u>

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

The actual return on scheme assets in the year was a gain of £0.546m (2010/11: loss of £3.954m).

NOTES TO THE CORE FINANCIAL STATEMENTS

Scheme history - Local Government Pension Scheme	Year to 31 Mar '12 £'000	Year to 31 Mar '11 £'000	Year to 31 Mar '10 £'000	Year to 31 Mar '09 £'000	Year to 31 Mar '08 £'000
Present value of liabilities	(82,860)	(77,231)	(94,416)	(60,054)	(61,437)
Fair value of assets	59,005	58,868	54,093	41,232	54,006
Surplus/(deficit) in the scheme	<u>(23,855)</u>	<u>(18,363)</u>	<u>(40,323)</u>	<u>(18,822)</u>	<u>(7,431)</u>

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £23.855m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council is not significantly affected. The deficit on the scheme is being reduced by increased contributions over a 15 year period, as assessed by the scheme actuary.

The total contributions expected to be made to the Pension Scheme by the council in the year to 31 March 2013 is £2.409m.

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 2010.

NOTES TO THE CORE FINANCIAL STATEMENTS

The principal assumptions used by the actuary have been:

	2011/12	2010/11
Long-term expected rate of return on assets in the scheme:		
Equity investments	6.3%	7.5%
Bonds	3.3%	4.9%
Property	4.4%	5.5%
Cash	3.5%	4.6%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.4	21.4
Women	23.3	23.3
Longevity at 65 for future pensioners:		
Men	23.7	23.7
Women	25.7	25.7
Rate of inflation	3.1%	3.6%
Rate of increase in salaries	4.8%	5.1%
Rate of increase in pensions	2.5%	2.8%
Rate for discounting scheme liabilities	4.8%	5.5%
Take-up of option to convert annual pension into retirement lump sum		
Pre April 2008 service	25%	25%
Post April 2008 service	63%	63%

NOTES TO THE CORE FINANCIAL STATEMENTS

The Pension Scheme assets consist of the following categories, by proportion of the total assets held.

	31 March 2012 %	31 March 2011 %
Equity investments	72	69
Bonds	15	18
Property	10	9
Cash	3	4
	100	100

History of experience gains and losses

The actuarial gains identified as movements on the Pension Reserve can be analysed into the following categories, measured as a percentage of assets or liabilities at the Balance Sheet date:

	Year to 31 Mar '12 %	Year to 31 Mar '11 %	Year to 31 Mar '10 %	Year to 31 Mar '09 %	Year to 31 Mar '08 %
Differences between the expected and actual return on assets	(5.8)	2.4	20.2	(39.3)	(6.6)
Experience gains/(losses) on liabilities	(1.3)	6.0	-	-	0.5

41 Contingent Liabilities

At 31 March 2012, the Council had the following material contingent liabilities:

a) **Mutual Municipal Insurance**

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 2012, claims settled for this Council amounting to £203K (£203k 2010/11) could be the subject of a reclaim at a future date. The Council's maximum liability will be the value of claims settled less £50,000. The latest position received from the MMI is that the company's insolvency (previously a solvent run off had been projected) is now uncertain as the result of a Supreme Court decision relating to the litigation set out below and also resolution of the many uncertainties surrounding the "Incurred But Not Recorded" (IBNR) provision, including numbers of future claims, inflation rates as well as future investment returns.

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 Supreme Court finding against MMI. The judges ruled that the insurer who was on risk at the time the employee's exposure to asbestos was liable to pay compensation for an employee's mesothelioma. There were no outstanding claims as at 31 March 2012 (£ Nil 2010/11) relating to Employer's Liability Claims.

The judgement has significant implications, not only for MMI and its members, but also for the 729 Scheme Creditors (including this Council) who are party to the Contingent Scheme of Arrangement sanctioned by the Court in January 1994. The Board of Directors is now seeking legal, financial and actuarial advice from its professional advisors in order to determine the full implications of the Judgement and the most appropriate way forward for MMI. MMI have advised that this process is complex and will take some time to resolve.

b) **Martello Park Development**

As part of the Martello Park development in Felixstowe, the Council has a contingent liability in the event that the redevelopment does not proceed, as due to the current economic climate the development work has not yet commenced. This is in respect of land and property acquired by the Council and financed by the development partner with a value of £550,000. Interest, up to the date of repayment could be added to this figure with a maximum liability of £585,000.

42 Contingent Assets

a) **British Telecommunications**

In 1998 the Council granted its consent for BT to run a fibre optic cable across its land at Aldeburgh beach. Agreement could not initially be reached as to the fee payable by BT to the Council. Pending its resolution, BT deposited a sum of £60,000 into an Escrow Account held jointly between BT and the Council. Negotiations are now ongoing and it is hoped that the situation will be resolved by the end of the next financial year. The Council will then receive a sum of money, either a one off sum or an annual rental, which at this point in time can not be quantified. Consequently, no provision has been made in these accounts.

b) **Martello Park Development**

In 2011, the Council acquired land as part of the Martello Park development with a purchase price of £502k. Subject to the development progressing in conjunction with the Council's preferred development partner £452k of this sum will form part of the overall financial consideration for land and property between the Council and its development partner.

43 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
- 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 by the Head of Financial Services, under policies approved by the Council in the Treasury Management Policy Statement.

Credit risk

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

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 £5million 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 2012 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.

NOTES TO THE CORE FINANCIAL STATEMENTS

	Amount at 31 March 2012	Historical experience of default	Adjustment for market conditions at 31 March 2012	Estimated maximum exposure to default and uncollectability at 31 March 2012	Estimated maximum exposure at 31 March 2011
	£'000	%	%	£'000	£'000
Deposits with banks and other financial institutions	21,000	-	-	-	-
Customers	3,135	10	20	941	857
				941	857

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 £3,135,000 classified as receivable from customers £1,378,000 relates to Housing Benefit overpayments of which £1,194,000 has been outstanding for more than three months.

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

	£'000
Less than three months	1,634
Three to Six Months	113
Six months to one year	230
More than one year	1,158
	3,135

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 investments. Movements in interest rates have a complex impact on the authority. 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
- 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.

The impact of a 1% movement in interest rates has an approximate £150,000 impact on the Council based on average cash balances of £15 million.

Price 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.

Foreign exchange risk

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.

44 Interests in Companies and Other Entities

Local Authorities must consider all their interests in entities and to 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 using the equity method. 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 Ltd (SCS),
- b) Nature of the business-The principal activity of the Company is that of refuse, cleansing and maintenance,
- 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 capital of Norse Group Limited,
- f) The Council holds 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,

NOTES TO THE CORE FINANCIAL STATEMENTS

g) Payments made to SCS Ltd 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 £7,636k in 2011/12 (£7,761k in 2010/11) and included as follows:

	2011/12	2010/11
	£'000	£'000
Car Parks	420	387
Central Support Services	154	145
Coast protection	-	164
Environmental Protection	199	261
Highway Services	175	220
Outdoor Leisure	807	781
Public Conveniences	199	148
Resort Activities	103	111
Street Furniture	171	127
Waste Management	5,254	5,320
Other Services	154	97
	<u>7,636</u>	<u>7,761</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

h) Details of the Company's financial results to 30 January are set out below:

	2012 Suffolk Coastal Services Ltd £'000	2012 Council Investment (20%) £'000	2011 Suffolk Coastal Services Ltd £'000	2011 Council Investment (20%) £'000
Property, Plant & Equipment	3	1	5	1
Current Assets				
Stock	55	11	94	19
Debtors	2,887	577	2,182	436
Cash at Bank	1	-	5	1
	<u>2,943</u>	<u>588</u>	<u>2,281</u>	<u>456</u>
Creditors falling due within one year	(2,026)	(405)	(1,753)	(350)
Defined Benefit Pension Scheme Liability	(517)	(103)	(205)	(41)
Net Assets / Shareholder's funds	<u>403</u>	<u>81</u>	<u>328</u>	<u>66</u>
Share of Actuarial Gains/(Losses)	(391)	(78)	1,083	217
Turnover	11,318	2,264	10,886	2,177
Profit on ordinary activity before taxation	287	57	758	152
Tax on profit on ordinary activity	(77)	(15)	(206)	(41)
Profit for the Financial Period	<u>210</u>	<u>42</u>	<u>552</u>	<u>111</u>
<u>Tax components included in the above figures are as follows:</u>	£'000	£'000	£'000	£'000
Debtors				
- Deferred Tax asset	32	6	20	4
Creditors falling due within one year				
- Corporation Tax	63	13	34	7
Tax on profit on ordinary activity				
- Current Tax	(63)	(13)	(34)	(7)
- Deferred Tax	(14)	(2)	(172)	(34)
	<u>(77)</u>	<u>(15)</u>	<u>(206)</u>	<u>(41)</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

NPS Property Consultants Ltd

Since 2007 NPS Property Consultants Ltd (NPS) provides the asset management services to the Council. It is a subsidiary of the Norse Group which is itself 100% owned by Norfolk County Council.

The Council owns no shares in NPS and has no influence over its management and no rights with regard to distribution of profits. This is only a simple supply of services agreement.

However, because it is part of the same group as SCS Ltd it has been decided to show an analysis of the Council's expenditure with NPS, where material, in the same detail as that shown for SCS.

	2011/12	2010/11
	£'000	£'000
Central Support Services	113	180
Outdoor Leisure	26	50
Public Conveniences	123	180
Other Services	217	377
	<u>479</u>	<u>787</u>

45 Prior Period Adjustments

Heritage Assets

The Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 introduced a change to the treatment in accounting for heritage assets held by the Authority. As set out in our summary of significant accounting policies, the Authority now requires heritage assets to be carried in the balance sheet at valuation.

For 2011/12 the Authority is required to change its accounting policy for heritage assets and recognise them at valuation. Previously, heritage assets were either recognised as community assets in the property, plant and equipment classification in the Balance Sheet or were not recognised in the Balance Sheet. The Authority's accounting policies for recognition and measurement of heritage assets are set out in the Authority's summary of significant accounting policies (see Note 1).

The effects of the restatement are as follows:

At 1 April 2010 the carrying amount of the Heritage Assets is presented at its valuation at £15k. The element that was previously recognised in property, plant and equipment has been reclassified and written down by £13k. The element that was not previously recognised on the Councils balance sheet has increased the revaluation reserve by £15k.

The adjustments that have been made to that Balance Sheet over the version published in the 2010/11 Statement of Accounts are as follows:

Effect on Opening Balance Sheet 1 April 2010

	Opening Balance at 1 April 2010 (2010/11 Accounts) £'000	Restatement £'000	Opening Balance at 1 April 2010 (Restated) £'000
Property, Plant and Equipment	48,829	(13)	48,816
Heritage Assets	-	15	15
Total	48,829	2	48,831

There were no transactions in relation to Heritage Assets in 2010/11 and therefore no additional effect on the Balance Sheet as at 01 April 2011 other than resulting from the restatement of the opening balance.

NOTES TO THE CORE FINANCIAL STATEMENTS

Effect on Opening Balance Sheet 31 March 2011

	Balance at 31 March 2011 (2010/11 Accounts) £'000	Restatement £'000	Balance at 31 March 2011 (Restated) £'000
Property, Plant and Equipment	44,693	(13)	44,680
Heritage Assets	-	15	15
Total	44,693	2	44,695

Effect on Comprehensive Income and Expenditure Statement

	Balance at 31 March 2011 (2010/11 Accounts) £'000	Restatement £'000	Balance at 31 March 2011 (Restated) £'000
Surplus or deficit on revaluation of non-current assets	967	(15)	952

	Balance at 31 March 2012 £'000	Restatement £'000	Balance at 31 March 2012 (Restated) £'000
Surplus or deficit on revaluation of non-current assets	2,718	(15)	2,703

Effect on Unusable Reserves

	Balance at 31 March 2011 (2010/11 Accounts) £'000	Restatement £'000	Balance at 31 March 2011 (Restated) £'000
Revaluation Reserve - Balance 31 March	7,597	15	7,612
Capital Adjustment Account - Balance 31 March	36,270	(13)	36,257

NOTES TO THE CORE FINANCIAL STATEMENTS

Changes required by Service Reporting Code of Practice For Local Authorities 2011/12 (SeRCOP).

The 2011/12 Service Reporting Code of Practice for Local Authorities required a further analysis of Cultural, Environmental, Regulatory and Planning expenditure that had previously been reported in the Councils Comprehensive Income and Expenditure Statement. This heading is now split between the three lines as shown. Accordingly the comparative figures for 2010/11 have also been split to reflect this change. The overall total for 2010/11 remains unchanged.

	Gross Expenditure £'000	2010/11 Gross Income £'000	Net Expenditure £'000
2010/11 Comprehensive Income & Expenditure Statement			
Regulatory and Planning Services	22,856	(9,431)	13,425
2011/12 Comprehensive Income & Expenditure Statement			
Cultural and Related Services	5,490	(1,565)	3,925
Environmental and Regulatory	13,321	(6,231)	7,090
Planning Services	4,045	(1,635)	2,410
Total	22,856	(9,431)	13,425

NOTES TO THE CORE FINANCIAL STATEMENTS

Amounts Reported for Resource Allocation Decisions

During 2011/12, the Council changed its internal reporting structure to be based upon Strategic Priority Themes. As a consequence, note 29 - Amounts Reported for Resource Allocation Decisions has been restated for 2010/11 to provide comparator information based upon the new Strategic Priority Themes. As part of the re-statement work, the allocation of service income between Fees, Charges & Other Service Income and Government Grants has been amended as shown below.

Service Income	2010/11 £'000	Restated 2010/11 £'000
Fees, Charges & Other Service Income	(9,286)	(12,765)
Government Grants	(38,205)	(34,726)
Total	(47,491)	(47,491)

NOTES TO THE CORE FINANCIAL STATEMENTS

46 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:

	2011/12 £'000	2010/11 £'000
Banks & Building Societies	210	189
Less credited to external deposits received, ie Section 106 agreements	(7)	(8)
	203	181

47 Long Term Investments

	31 March 2012 £'000	31 March 2011 £'000
Other Public Authorities	8	8
	8	8

48 Long Term Debtors

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

	31 March 2012 £'000	31 March 2011 £'000
Housing Act Advances	8	11
Reimbursement Arrangements	33	30
	41	41

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

The Collection Fund Statement 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 distribution to local authorities and the Government of Council Tax and National Non-Domestic Rates (NNDR).

	Coll Fund Notes	2011/12 £'000	2010/11 £'000
Income			
Income from Council Tax	1	67,024	66,428
Transfer from General Fund - Council Tax Benefits	2	7,000	7,111
Transitional Relief		(1)	(1)
Income collectable from Business Ratepayers	3	29,508	30,681
		103,531	104,219
Expenditure			
Precepts and Demands:			
- Suffolk County Council		56,069	55,775
- Suffolk Police Authority		8,000	7,958
- Suffolk Coastal District Council		9,658	9,489
Business rates:			
- Payment to National Pool	3	29,230	30,403
- Cost of Collection Allowance	3	278	278
Bad and Doubtful Debts:			
- Write Offs	5	(28)	(65)
- Change in Bad Debt Provision	5	395	48
Share of previous years' Collection Fund Surplus / (Deficit)			
- Suffolk County Council	4	411	113
- Suffolk Police Authority		59	16
- Suffolk Coastal District Council		70	19
		104,142	104,034
(Surplus) / Deficit for Year		611	(185)
Balance brought forward - (Surplus) / Deficit		(471)	(286)
Balance carried forward - (Surplus) / Deficit		140	(471)

NOTES TO THE COLLECTION FUND

1 Income from Council Tax

This figure shows the amount receivable from Council Taxpayers after allowing for Council Tax Benefits. The Council Tax is set to meet the demands of Suffolk County Council, Suffolk Police Authority, 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.

	2011/12	2010/11
	£	£
The average Band D Council Tax set was:	1,481.32	1,478.93
The balance on the Collection Fund will be taken into account in setting future Council Tax levels from 2012/13. The Council Tax element will be shared by all the authorities which precept on the Collection Fund, in proportion to their precept.		
The Council estimated its Tax Base for 2011/12 as follows:	Chargeable dwellings	Band D Equivalents
Valuation Band		
A	6,284	4,187
B	12,571	9,778
C	10,137	9,011
D	9,942	9,942
E	6,978	8,528
F	3,607	5,210
G	1,970	3,284
H	142	283
	51,631	50,223
Less:		
Provision for bad and doubtful debts (1.25%)		(628)
Tax Base 2011/12 (Band D equivalents)		49,595

NOTES TO THE COLLECTION FUND

	2011/12	2010/11
	£'000	£'000
The income from Council Tax can be analysed as follows:		
Gross amounts charged	83,299	82,634
Less: exemptions, discounts and reliefs	(9,275)	(9,095)
Council Tax Benefits	(7,000)	(7,111)
	67,024	66,428

2 Transfer from General Fund

The amount allowed in Council Tax Benefits is reimbursed to the Collection Fund from the Council's General Fund. The full cost of the Benefits, including the administration costs, less Government grants, is then accounted for in the General Fund.

3 Business Rates

The Council collects the business rates (Non-Domestic Rates) in the district. The amount collected less an allowance for the cost of collection is paid into a national pool administered by the Government. The pool is then redistributed to all Local Authorities as a standard amount per head of population. The Council's share of this redistribution is shown in the Comprehensive Income and Expenditure Statement. The valuation list was revised in April 2005, and the latest revaluation of all business properties was completed on 1st April 2010.

	2011/12	2010/11
The rateable value at 31 March was	£154.6m	£155.1m
The multiplier was	43.3p	41.4p

NOTES TO THE COLLECTION FUND

4 Share of previous year's Collection Fund (Surplus) / Deficit

When setting the Council Tax each year, the Council is required to estimate the (Surplus) / Deficit on the Collection Fund for the year, which is subsequently shared across the District Council and the two Major Precepting bodies pro-rata to their demands on the Council Tax.

5 Movement in Bad Debt Provision

	Balance 1 April 2011 £'000	Applied in Year £'000	Change in provision £'000	Balance 1 April 2012 £'000
The following changes were made to the provisions for bad debts:				
- Council Tax	562	(28)	395	929
- Business Rates	213	(4)	280	489
	775	(32)	675	1,418

6 Collection Fund Balance

	2011/12 £'000	2010/11 £'000
The Collection Fund (surplus)/deficit at the year end comprises the following:		
(Surplus) / Deficit relating to:	140	(471)
<u>Council Tax:</u>		
Suffolk County Council	105	(359)
Suffolk Police Authority	16	(51)
Suffolk Coastal District Council	19	(61)
Total Council Tax	140	(471)
Community Charges:	-	-
	140	(471)

The balance on the Collection Fund will be taken into account in setting future Council Tax levels from 2013/14. The Council Tax element will be shared by all the authorities which precept on the Collection Fund, in proportion to their precept.

NOTES TO THE COLLECTION FUND

7 Parish / Town Precepts

Precepts by Parish and Town Councils are charged to the Council's General Fund and included in the Council's demand on the Collection Fund. The amount of those precepts was as follows:

	2011/12 £'000	2010/11 £'000
Parish and Town Precepts	2,222	2,092

8 Collection Fund Adjustment Account

The Collection Fund is still maintained as a memorandum account, however the balance relating to Suffolk Coastal's own share of the surplus / deficit, together with any differences between the Council Tax income for the year and the Statutory precept calculated as part of the budget-setting process is maintained in the Collection Fund Adjustment Account, an unusable reserve in the Council's Balance Sheet. Details of the movement on this fund are included in Note 25 to the Core Financial Statements.

GROUP MOVEMENT IN RESERVES 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 Group Comprehensive Income and Expenditure Statement. Additional information on the structure of this Statement is contained within the Authority Movement in Reserves Statement, presented earlier in the Statement of Accounts.

	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 2010	(3,187)	(7,536)	(759)	(1,308)	(12,790)	(7,919)	(20,709)	262	(20,447)
<u>Movement in reserves during 2010/11</u>									
(Surplus) or deficit on provision of services	(4,448)	-	-	-	(4,448)	-	(4,448)		(4,448)
Other Comprehensive Expenditure and Income	-	-	-	-	-	(13,718)	(13,718)		(13,718)
Total Comprehensive Expenditure and Income	(4,448)	-	-	-	(4,448)	(13,718)	(18,166)	-	(18,166)
Adjustment between Group and Authority Accounts:									
- Purchase of Goods and Services from Associate	-	-	-	-	-	-	-	(111)	(111)
- Share of Actuarial Gains/Losses								(217)	(217)
Net (Increase) / Decrease before Transfers	(4,448)	-	-	-	(4,448)	(13,718)	(18,166)	(328)	(18,494)
Adjustments between accounting basis and funding basis under regulations (note 7)	4,261	-	(162)	(79)	4,020	(4,020)	-		-
Net Increase/Decrease before Transfers to Earmarked Reserves	(187)	-	(162)	(79)	(428)	(17,738)	(18,166)	(328)	(18,494)
Transfer to/from Earmarked Reserves (note 8)	32	(32)	-	-	-	-	-		
(Increase)/Decrease in 2010/11	(155)	(32)	(162)	(79)	(428)	(17,738)	(18,166)	(328)	(18,494)
Balance at 31 March 2011 carried forward	(3,342)	(7,568)	(921)	(1,387)	(13,218)	(25,657)	(38,875)	(66)	(38,941)
<u>Movement in reserves during 2011/12</u>									
(Surplus) or deficit on provision of services	(6,611)	-	-	-	(6,611)	-	(6,611)		(6,611)
Other Comprehensive Expenditure and Income	0	-	-	-	-	3,937	3,937		3,937
Total Comprehensive Expenditure and Income	(6,611)	-	-	-	(6,611)	3,937	(2,674)	-	(2,674)
Adjustment between Group and Authority Accounts:									
- Purchase of Goods and Services from Associate	-	-	-	-	-	-	-	(42)	(42)
- Share of Actuarial Gains/Losses								78	78
Net (Increase) / Decrease before Transfers	(6,611)	-	-	-	(6,611)	3,937	(2,674)	36	(2,638)
Adjustments between accounting basis and funding basis under regulations (note 7)	6,403	-	342	(121)	6,624	(6,624)	-		-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(208)	-	342	(121)	13	(2,687)	(2,674)	36	(2,638)
Transfer to/from Earmarked Reserves (note 8)	113	(113)	-	-	-	-	-		-
(Increase)/Decrease in Year	(95)	(113)	342	(121)	13	(2,687)	(2,674)	36	(2,638)
Balance at 31 March 2012 carried forward	(3,437)	(7,681)	(579)	(1,508)	(13,205)	(28,344)	(41,549)	(30)	(41,579)

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

	2011/12			2010/11 Restated		
	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
Central Services to the Public	9,472	(7,885)	1,587	10,222	(8,494)	1,728
Cultural and Related Services (see note 45)	4,516	(1,459)	3,057	5,490	(1,565)	3,925
Environmental and Regulatory Services (see note 45)	12,794	(6,454)	6,340	13,321	(6,231)	7,090
Planning Services (see note 45)	3,045	(1,528)	1,517	4,045	(1,635)	2,410
Highways and Transport Services	1,218	(1,512)	(294)	2,125	(1,646)	479
Other Housing Services	29,427	(28,808)	619	29,237	(27,913)	1,324
Corporate and Democratic Core	2,057	(7)	2,050	2,812	(7)	2,805
Non-Distributed Costs	564	-	564	369	-	369
Exceptional Item (note 5)	-	-	-	(8,376)	-	(8,376)
Cost of Services	63,093	(47,653)	15,440	59,245	(47,491)	11,754
Other Operating Expenditure (note 9)			2,453			1,881
Financing and Investment Income and Expenditure (note 10)			56			865
Taxation and Non-Specific Grant Income (note 11)			(24,560)			(18,948)
(Surplus) or Deficit on Provision of Services (note 29)			(6,611)			(4,448)
Share of (Surplus)/Deficit on the Provision of services by Associate			(57)			(152)
Tax Expenses of Associate			15			41
Group (Surplus)/Deficit			(6,653)			(4,559)
Surplus or deficit on revaluation of non-current assets			(2,703)			952
Actuarial gains/losses on pension assets/liabilities			6,640			(14,670)
Other Comprehensive Income and Expenditure			3,937			(13,718)
Total Comprehensive Income and Expenditure			(2,716)			(18,277)

GROUP 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 and Unusable Reserves held by the Group are contained within Notes 24 and 25 to the Council's Core Financial Statements and Note 3 to the Group Accounts.

	Note	31st March 2012 £'000	31st March 2011 £'000
Property, Plant and Equipment	12	52,893	44,680
Heritage Assets	13	15	15
Intangible Assets	15	103	77
Long Term Investments	16 + 47	8	8
Investment in Associate	Group Note 3	30	66
Long Term Debtors	16 + 48	41	41
Long Term Assets		53,090	44,887
Short Term Investments	16	21,020	7,049
Inventories	17	60	91
Short Term Debtors	18	2,689	10,771
Cash and Cash Equivalents	19	3,942	903
Current Assets Held for Sale	20	52	16
Current Assets		27,763	18,830
Short Term Creditors	21	(14,369)	(5,468)
Capital Grants Receipts in Advance	23	(124)	(79)
Current Liabilities		(14,493)	(5,547)
Other Long Term Liabilities (Including Pension Liability)	40	(23,855)	(18,363)
Capital Grants Receipts in Advance	23	(924)	(866)
Long Term Liabilities		(24,779)	(19,229)
Net Assets		41,581	38,941
Usable reserves	Group Note 3	(13,235)	(13,284)
Unusable reserves	25	(28,346)	(25,657)
Total Reserves		(41,581)	(38,941)

GROUP CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council and Group during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. Additional information on the structure of this Statement is contained within the Authority Cash Flow Statement and in Notes 25 to 27 to the Core Financial Statements.

	2011/12 £'000	2010/11 £'000
Net (surplus) or deficit on the provision of services	(6,611)	(4,448)
Adjust for non cash movements (note 26)	(4,428)	2,138
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	9,448	518
Net cash flows from Operating Activities	(1,591)	(1,792)
Investing Activities (note 27)	13,267	(2,113)
Financing Activities (note 28)	(14,715)	3,953
Net (increase) or decrease in cash and cash equivalents	(3,039)	48
Cash and cash equivalents at the beginning of the reporting period	(903)	(951)
Cash and cash equivalents at the end of the reporting period (note 19)	(3,942)	(903)

NOTES TO GROUP ACCOUNTING STATEMENTS

Note 1 Statement of Accounting Policies

Suffolk Coastal Services Ltd prepares its accounts under UK GAAP, whilst the Council has moved to preparing its financial statements on an IFRS basis. As far as can be ascertained this gives rise to no material difference between the accounting principles of the company and the Council.

Note 2 Group Comprehensive Income and Expenditure Statement

The Group Comprehensive Income and Expenditure Statement has been prepared incorporating the Council's share of Suffolk Coastal Services Ltd's surplus on provision of services and tax liability. Additional information in respect of SCS's trading results for the year are contained within Note 44 to the Core Financial Statements.

Note 3 Group Balance Sheet

The Group Balance Sheet has been prepared incorporating the Council's share of Suffolk Coastal Services Ltd's net assets under the heading of Investment in Associates, which have been consolidated with the single-entity financial statements and disclosure notes for the Council. The analysis of Usable Reserves is constituted as follows;

	31st March 2012 £'000	31st March 2011 £'000
Suffolk Coastal Services Ltd - Profit and Loss Reserve (SCDC Investment)	(30)	(66)
Suffolk Coastal District Council - Usable Reserves (see Note 24)	<u>(13,205)</u>	<u>(13,218)</u>
Total Group Usable Reserves	<u>(13,235)</u>	<u>(13,284)</u>

Additional information in respect of Suffolk Coastal Services Ltd's assets and liabilities at the Balance Sheet date are contained within Note 44 to the Core Financial Statements.

Note 4 Cash Flow

No adjustment to the Council's Cash Flow Statement is required in respect of its holding in Suffolk Coastal Services Ltd.

Note 5 Significant Influence

The Council is deemed to have significant influence in SCS due to the Council's representation on the SCS board, together with the fact that the majority of SCS's business is with the Council, which is usually regarded as strong evidence of participation.

Note 6 Reporting Date

Suffolk Coastal Services Ltd's annual accounts are reported to the end of January each year, 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. No adjustment has been made to the SCS accounts to make it co-terminus with the Council.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUFFOLK COASTAL DISTRICT COUNCIL

Opinion on the financial statements

I have audited the financial statements of Suffolk Coastal District Council for the year ended 31 March 2012 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 Collection Fund and the related notes. 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 2011/12.

This report is made solely to the members of Suffolk Coastal District Council 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.

Respective responsibilities of the Head of Finance and auditor

As explained more fully in the Statement of the Head of Finance's Responsibilities, the Head of Finance 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, and for being satisfied that they give a true and fair view. My 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 me 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 Head of Finance; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the financial position of Suffolk Coastal District Council as at 31 March 2012 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 2012 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 2011/12.

Opinion on other matters

In my opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I report to you if:

- in my 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;
- I issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- I 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
- I exercise any other special powers of the auditor under the Audit Commission Act 1998.

I have nothing to report in these respects

Conclusion on 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.

I am required under Section 5 of the Audit Commission Act 1998 to satisfy myself 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 me to report to you my conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

I report if significant matters have come to my attention which prevent me from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I am not required to consider, nor have I 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

I have undertaken my 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 2011, 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 me to consider under the Code of Audit Practice in satisfying myself 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 2012.

I planned my work in accordance with the Code of Audit Practice. Based on my risk assessment, I undertook such work as I 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 my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, I am 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 2012.

Delay in certification of completion of the audit

I cannot formally conclude the audit and issue an audit certificate until I have completed the work necessary to issue my assurance statement in respect of the authority's Whole of Government Accounts consolidation pack. I am satisfied that this work does not have a material effect on the financial statements or on my value for money conclusion.

In addition, the audit cannot be formally concluded and an audit certificate issued until I have completed my consideration of matters brought to my attention by a local authority elector relating to the 2010/11 year of account. I am satisfied that this matter does not have a material effect on the financial statements or a significant impact on my value for money conclusion.

Neil A Harris

Officer of the Audit Commission

Audit Commission, Crown House, Crown Street, Ipswich IP1 3HS

27 September 2012

Glossary of Financial Terms

Accounting Period

The period of time covered by the Accounts, normally 12 months commencing on 1 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.

Area Based Grant

Area Based Grant (ABG) replaced Local Area Agreement (LAA) Grant from 2009/10. Unlike LAA Grant, ABG is a non-ring fenced general grant and no conditions on use are imposed.

Business Rates

The system of local taxation on business properties also called National Non Domestic Rates (NNDR)

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 fixed 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 fixed asset such as land and buildings, or expenditure that adds to and not merely maintains the value of an existing fixed 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.

Community Charge

The system of local taxation prior to Council Tax.

Contingent Assets

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

Contingent Liabilities

Potential liabilities 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 1 April 1993

Council Tax Benefit

See 'Housing Benefits'

Creditors

An amount of money owed by the District Council at 31 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 31 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 fixed asset, whether arising from use or obsolescence through technological or other changes.

Glossary of Financial Terms

Direct Revenue Financing

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

Earmarked Reserves

These are amounts set aside for specific purposes out of the balances of the Council's funds.

Financial Reporting Standard (FRS)

Accounting practice recommended by the Accounting Standards Board, a subsidiary of the Financial Reporting Council, for adoption in the preparation of accounts.

General Fund

The main revenue fund of the District Council, to which the costs of the services are charged, (excluding the Housing Revenue Account - see below).

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).

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 fixed 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

Fixed 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 is, 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 fixed 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-Current Assets

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

Non Domestic Rates (NDR)

See Business Rates

Non-Domestic Rate Pool

The net proceeds of the Non-Domestic Rate are pooled nationally and then redistributed to local authorities relative to their populations.

Out-turn

Actual income and expenditure for the end of the financial year.

Glossary of Financial Terms

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.

Rateable Value

A value assessed by the Inland Revenue for all properties subject to 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 1 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 fixed 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.

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.

Abbreviations used in the Accounts

CIPFA	Chartered Institute of Public Finance and Accountancy
GAAP	Generally Accepted Accounting Principles
FRS	Financial Reporting Standard
IFRS	International Financial Reporting Standards
LAAP	Local Authority Accounting Panel
LGPS	Local Government Pension Scheme
MRP	Minimum Revenue Provision
NDR	Non-Domestic Rates
SeRCOP	Service Reporting Code of Practice
SOLACE	Society of Local Authority Chief Executives
SORP	Statement of Recommended Practice
SSAP	Statement of Standard Accounting Practice