Waveney
District Council

Statement of Accounts

2013/14

CONTENTS

CONTENTS

EXPLANATORY FOREWORD BY THE CHIEF FINANCE OFFICER

1. Introduction

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

The Council's Statement of Accounts consists of:

Core Statements:

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

Supplementary Statements:

- **Housing Revenue Account (HRA) Income and Expenditure Account** – reflects a statutory obligation to maintain a revenue account for local authority housing provision in accordance with part 6 of the Local Government and Housing Act 1989.
- **Collection Fund Income and Expenditure Account** – reflects the statutory requirement for Waveney District Council as a billing authority to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Non-Domestic Rates (NDR) and Council Tax, and illustrates the way in which these have been distributed to Central Government, Suffolk County Council, the Office of the Police and Crime Commissioner for Suffolk and to the Council's General Fund.
- **Statement of Responsibilities for the Statement of Accounts** - This outlines the responsibilities of the Council and the Chief Finance Officer, with respect to the Statement of Accounts.
- **Group Accounts** – It has been determined that the Council must complete Group Accounts because of its Associate relationship with Waveney Norse Limited. Details are set out in Note 38 to the Core Financial Statements (Interests in Companies).

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

2. Changes to the Statement of Accounts

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

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

From the Council's 40% share, a tariff payment is required to be made to Suffolk County Council. At the year-end, the Council is also required to calculate a levy payment. In order to reduce the amounts paid to Government (levy), in 2013/14 all Suffolk Councils entered a pooling arrangement which will allow them to retain a larger proportion of their share of growth by reducing their individual rate of levy through pooling. By joining the Suffolk

Pool, Waveney is able to reduce its rate of levy from 50% to a lower pooled levy rate. In addition to the reduced levy, through this agreement, Suffolk councils will have a greater opportunity to;

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

The benefit of Pooling in 2013/14 to the Council was £19k, which will be paid during 2014/15

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

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

  The signing and approving dates are:

  - the Chief Finance Officer must, no later than 30th June immediately following the end of a financial year, sign and date the Statement of Accounts, and certify that it presents a true and fair view of the financial position of the Council at the end of the financial year to which it relates and of the Council's income and expenditure for the year.
  - No later than 30th September in the year following the financial year to which the statement relates the Council must:
    - consider, (either by way of a committee, or by the members meeting as a whole), the Statement of Accounts;
    - following that consideration, approve the Statement of Accounts by a resolution of that committee or meeting;
    - following approval, ensure that the Statement of Accounts is signed and dated by the person presiding at the committee or meeting, at which that approval was given; and
    - publish (which must include publication on the Council's website), the Statement of Accounts together with any certificate, opinion, or report issued, given or made by the auditor under section 9 of the Audit Commission Act 1998.
  - the Chief Finance Officer must re-certify the presentation of the Statement of Accounts before the Council approves it.
  - The Council must keep copies of the Statement of Accounts with any auditor opinion for purchase by any person on payment of a reasonable sum.

- **Other Issues and Amendments** – Further guidance has been issued on a number of technical areas through LAAP Bulletins:

  - LAAP Bulletin 98 dated March 2014 (Closure of the 2013/14 accounts and other related matters) which provides supplementary advice on interpretation of the 2013/14 Code, and updated information where appropriate.

3. Accounting Policies

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

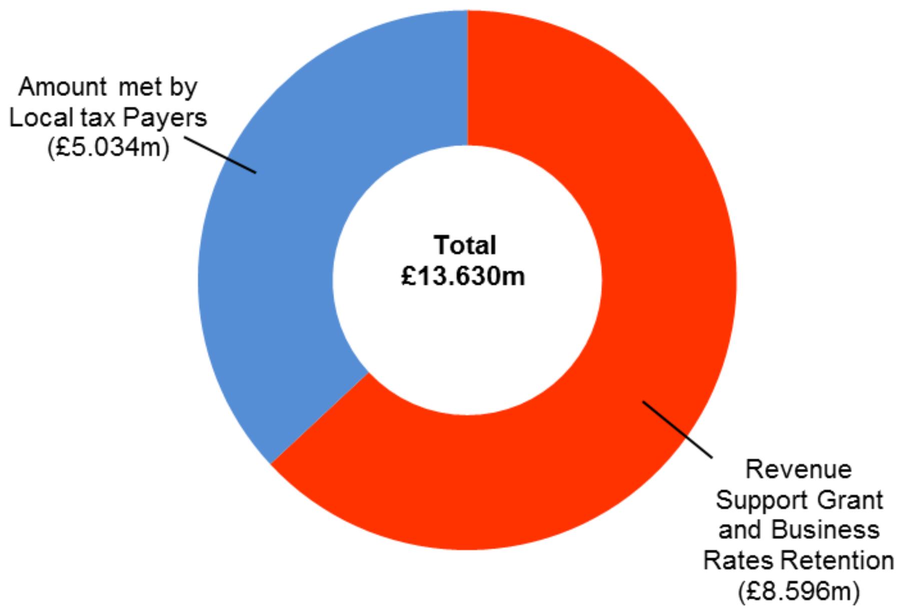
4. General Fund outturn.

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

	Original Budget £'000	Revised Budget £'000	Outturn £'000	Variance £'000
Net Expenditure	14,630	15,378	13,423	(1,955)
Income from Government and Local Taxpayers	(13,630)	(13,630)	(13,630)	0
Met from / (added to) General Fund Balances	**1,000**	**1,748**	**(207)**	**(1,955)**
Provision for Between Years Virements (subject to approval)				816
Allocation to Capital Reserve				1,000
				(139)

Income from Government and Local Taxpayers

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



The main reasons for decrease in net expenditure of £139k between the revised budget and the outturn are analysed in the table below:

Key Variations	£'000
Business Rates Retention Receipts above Government Baseline	(256)
Business Rates Discretionary Relief now part of Business Rates Retention Scheme	(135)
Council Tax Benefits Admin - One off savings in Audit Fees and repayment of previous years' over payments	(39)
Miscellaneous Property - additional letting income from Lowestoft London Road	(136)
Capital Financing - Interest cost less than budgeted	(121)
Council Tax Collection - primarily the successful recovery of court/legal costs	(96)
Development Control - income greater than budgeted plus some staff vacancies	(73)
Rent Rebates - favourable benefit subsidy position	(71)
Community Safety	(67)
Waveney Norse increased Profit Share	(60)
Customer Services - savings mainly from staff vacancies	(53)
Industrial Estates - rental and lease income greater than anticipated	(52)
Taxi Licensing - reduction in inspection costs and increased income.	(50)
Homelessness - under spends in Homefinder advances and Bed and Breakfast	(45)
members and costs, plus staff vacancies and travel cost savings	(32)
Finance - one off savings in audit fees and software costs	(32)
Planning Development & Policy - Local Development Framework costs savings	(30)
Playing Fields and Sports Grounds - Income greater than anticipated	(29)
Street Scene - reduction in income from County Council following changes in Service Level Agreement	65
Waste Management - reduction in Recycling Credits	78
Legal - costs relating to planning applications and appeals	108
Other minor variations	(13)
Between Year Virement Requests	(816)
Transfer to GF Reserve - Between Year Virement Requests	816
Transfer to Capital Reserve	1,000
Total	**(139)**

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 Statement. In addition, Note 22 to the Core Financial Statements provides an analysis of Government Grants received.

The £139k surplus will be added to the General Fund reserve to help with any funding shortfall that may be required for Lowestoft Coast Protection work. After taking account of Between Year Virements and other commitments, the un-committed General Fund Reserve balance will remain at £2.570 million. The budget report in February 2014 identified a target level for the General Fund balance of between £2.5m and £3m as a prudent balance to maintain in the long term, based on the risks contained within the budget. The Council, will review its outturn position as part of its wider financial planning later this year.

Redundancy/ill-health payments

Included within the General Fund net expenditure above are payments to 4 staff (11 in 2012/13) that were made redundant during 2013/14. The costs of £68,580 in 2013/14 (£91,989 in 2012/13) have been charged to the General Fund Comprehensive Income and Expenditure Statement, and to the relevant service area where staff were employed. In addition payments of £25,509 were made to the Suffolk County Council Pension Fund in relation to three former members of staff who previously retired under ill-health regulations.

The payments are analysed below:

	2013/14	2012/13
	£	£
Redundancy payments	68,580	91,989
Payments to Pension Fund	25,509	31,433
Total payments	**94,089**	**123,422**

Payments were made to a further 5 staff who were made redundant in the year totalling £34,443, (£59,008 -16 staff- in 2012/13), these costs were charged directly to the Housing Revenue Account. Paragraph 5 below provides the detail. The CIPFA Code requires disclosure of the number and cost of exit packages agreed within specified bands. Note 30 to the Core Financial Statements provide further information.

Waveney Norse Ltd

In 2008/09, the Council signed an agreement with Norse Commercial Services Limited for the provision of a range of services including Refuse, Cleansing and Maintenance. Waveney Norse Ltd, was incorporated on 23rd May 2008 and began trading on 1st July 2008. The full years' trading figures for Waveney Norse Ltd in 2013/14 were for its Accounts up to 2nd February 2014. At the time this Statement of Accounts is being submitted for audit, the Council has only recently received “draft unaudited” accounts from Waveney Norse Ltd for 2013/14.

Payments made to Waveney Norse Ltd are included within the appropriate headings in the Cost of Services which forms part of the Comprehensive Income and Expenditure Statement. It has already been determined that the Council’s financial relationship with Waveney Norse Ltd is that of an Associate, and so Group Accounts must be completed within the Statement of Accounts to take account of the Council’s investment in the Company. Further information and the Group Accounts are set out in Note 38 to the Core Financial Statements (Interest in Companies).

General Fund – Future Budget Plans

Set out below is the Budget approved by Full Council in February 2014 for the next four years, together with a Revised Estimate for 2013/14.

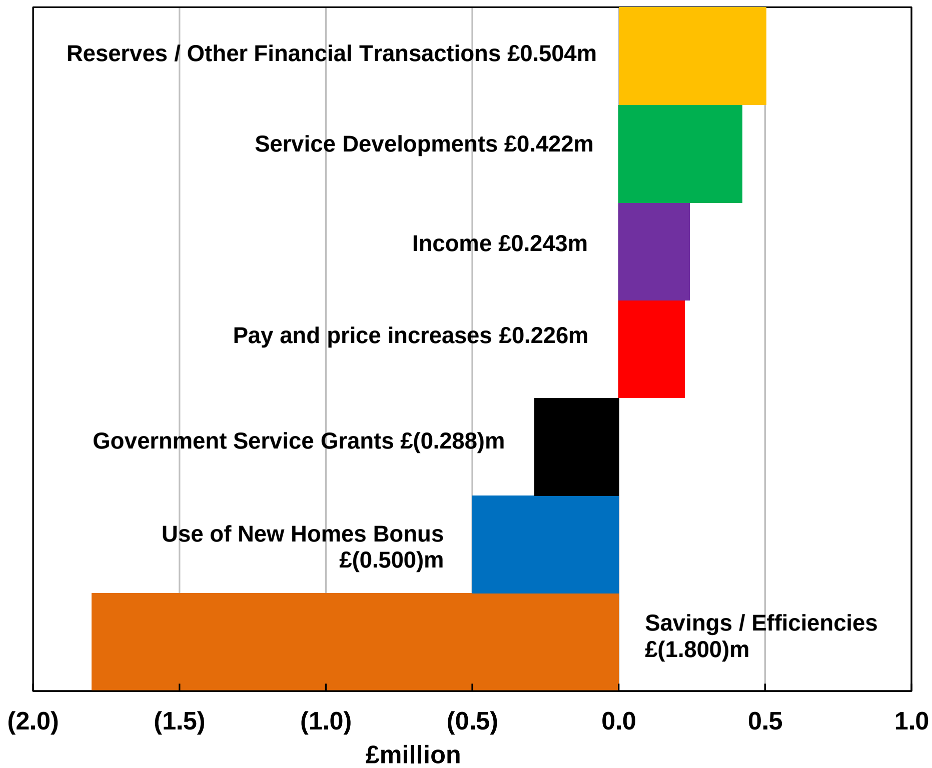
Budget Requirement

Overall the Council’s budget requirement, the net cost of services to be met from Revenue Support Grant, Business Rates Retention, Council Taxes and the forecast Collection Fund surplus will be £12.437 million in 2014/15. This represents a headline decrease of £1.193 million or 8.75% over the budget for 2013/14 of £13.630 million.

The budget by Priority Theme that the Council approved from 1st April 2014 is set out below:

Priority Theme	2013/14 Original Budget £'000	2013/14 Revised Budget £'000	2014/15 Original Budget £'000	2015/16 Forecast Budget £'000	2016/17 Forecast Budget £'000	2017/18 Forecast Budget £'000
Community Health	954	1,032	942	969	959	962
Customers and Communities	337	363	265	263	267	267
Green Environment and Operational Partnerships	3,376	3,535	3,089	3,229	3,735	3,564
Housing	647	295	434	1,077	1,265	1,529
Leisure, Tourism & Econ. Devel.	3,479	3,127	2,987	2,767	2,809	2,738
Planning	2,096	2,260	2,162	2,190	2,179	2,171
Resources	2,741	3,018	2,558	3,050	3,099	3,818
Budget Requirement	**13,630**	**13,630**	**12,437**	**13,545**	**14,313**	**15,049**
***Financed by*:**						
Revenue Support Grant & Business Rates Retention	8,596	8,596	7,379	6,167	5,623	5,179
Collection Fund Surplus	0		20			
Council Tax	5,034	5,034	5,038	5,038	5,038	5,038
Cumulative Resources Gap	**0**	**0**	**0**	**2,340**	**3,652**	**4,832**

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



For the fourth year in succession the Government proposed a Council Tax freeze for 2014/15 with the offer of a "Council Tax Freeze" grant in lieu of a 1% increase in Council Tax. Therefore the Council's Budget for 2014/15 reflected no increase in Council Tax. The Government's Settlement Funding Assessment for the Council was reduced by £1.221 million for 2014/15.

Since the budget was set in February 2014, the Council continues to monitor and update its Medium Term Financial Strategy (MTFS) and budget plans, taking account of continuing Government announcements on levels of spending and central government grants the Council may receive in the future. The Council is currently working to identify savings to offset the Budget Gap shown above.

5. Housing Revenue Account (HRA)

The following table shows how the outturn on the HRA compares with the approved HRA original budget. The HRA is the statutory account to which the revenue costs of providing, maintaining and managing Council dwellings are charged. The HRA is financed by rents charged to tenants and charges for related services and facilities. Further information on the HRA is set out in more detail within the main Financial Statements.

	Original Budget £000	Revised Budget £000	Outturn £000	Variance £000
Income				
Rents	(17,486)	(17,995)	(18,024)	(29)
Charges for services & facilities	(880)	(908)	(906)	2
Interest income	(45)	(74)	(60)	14
Total Income	**(18,411)**	**(18,977)**	**(18,990)**	**(13)**
Expenditure/Charges				
Repairs & maintenance	3,480	3,579	3,478	(101)
General supervision & management	1,866	1,787	1,611	(176)
Sheltered schemes	471	521	489	(32)
Choice based lettings	187	183	173	(10)
Tenant services	119	153	124	(29)
Central support recharges	920	1,244	1,255	11
CDC & pension cost contribution	618	618	618	0
Property charges	130	70	62	(8)
Movement in bad debt provision	30	107	109	2
Capital charges & debt management costs	212	18	19	1
Interest charges	2,428	2,276	2,266	(10)
Depreciation & impairment	-	3,135	2,794	(341)
Capital expenditure funded from revenue	5,240	5,080	5,168	88
Transfers to earmarked reserves	2,710	150	550	400
Total Expenditure/Charges	**18,411**	**18,921**	**18,716**	**(205)**
Net movement on the HRA for the year	**0**	**(56)**	**(274)**	**(218)**

The majority of the under spends have occurred in the Repairs and Maintenance, General Supervision and Management and Depreciation / Impairment of Fixed Assets headings. The £101k under spend on repairs and maintenance has occurred in the responsive area. This reduction has primarily been delivered through a more proactive management of the planned maintenance programme which has in turn resulted in reducing the number of responsive work requests. The £176k under spend in General Supervision and Management has arisen from improved efficiencies and successfully negotiating reduced costs in the insurance premiums and heating and utility costs (including the benefit of new Photo-voltaic panels).

Under the Accounts and Audit Regulations requirements, there is no longer a provision to reverse the impairment and valuation losses not covered by the Revaluation Reserve in relation to HRA non-dwellings. For 2013/14, there was a £337k gain to the HRA for the reversal of revaluation losses in respect of HRA non-dwellings. The 2013/14 financial results include a transfer of £400k to a newly created HRA Impairment/Revaluation Reserve in the event of unexpected loss adjustments to the HRA in future years.

As per the HRA Financial Business Plan and the revised HRA budgets approved in January 2014, the 2013/14 financial results include a transfer to the HRA Debt Repayment Reserve of £150k.

Compared to the revised budget, the HRA outturn for the year was a surplus of £218k (a surplus of £274k against the original budget). The main reasons for this are set out below:

	£000
Revised Budget 2013/14	**(56)**
Savings from:	
Revaluation loss adjustment re non-dwellings	(337)
Building Maintenance recovery of pension cost adjustment	(111)
Saving on repairs and maintenance responsive works and servicing	(101)
Lower recharge for insurance premiums	(64)
Saving on heating and utility costs (including additional income from PV panels)	(39)
Marketing budget not utilised	(30)
Offset by additional costs from:	
Transfer to new HRA Impairment/Revaluation Reserve	400
Increased use of revenue to fund capital expenditure	88
Other net minor variances	32
Change from 2013/14 Revised Budget to Outturn – surplus	**(218)**

After taking the surplus of £218k for the year into account, the HRA working balance is £2.385m at 31st March 2014 (31st March 2013 was £2.111m). The HRA working balance has been maintained at 13% of total income which is 3% above the considered best practice limit (10%).

Redundancy/ill-health payments

Included within the net expenditure in 2013/14 are payments to 5 HRA staff (16 in 2012/13) that were made redundant. The costs of £34,443 (£130,377 in 2012/13) have been charged to the Income and Expenditure Account. More detailed information is shown in Note 30 (Officer's Remuneration and Exit Packages) to the Core Financial Statements together with Note 13 within the Notes to the Housing Revenue Account. The payments are analysed below:

	2013/14	2012/13
	£	£
Redundancy payments	34,443	59,008
Payments to Pension Fund	0	1,650
Ill-health contribution to Pension Fund	0	69,719
Total payments	**34,443**	**130,377**

Future HRA Budget Plans

Set out below is the HRA budget approved in January 2014 for the next four years together with a Revised Estimate for 2013/14. The Council will continue to monitor its budgets and the 30 year Financial Business Plan to enable any potential future savings to be identified.

The HRA budget will be updated again in the autumn of 2014.

	2014/15 Original Budget £000	2015/16 Forecast Budget £000	2016/17 Forecast Budget £000	2017/18 Forecast Budget £000
Total income	(18,925)	(19,511)	(20,115)	(20,738)
Total expenditure	11,209	11,352	11,612	11,889
Net cost of HRA services as included in the whole authority CIES	**(7,716)**	**(8,159)**	**(8,503)**	**(8,849)**
Share of Corporate and Democratic Core	62	62	62	62
Net cost of HRA services	**(7,654)**	**(8,097)**	**(8,441)**	**(8,787)**
Interest payable and similar charges	2,335	2,410	2,485	2,561
Pensions cost contribution	612	663	714	714
Interest and investment income	(90)	(90)	(90)	(90)
(Surplus)or deficit for year on HRA services	**(4,797)**	**(5,114)**	**(5,332)**	**(5,602)**
Movement on the HRA Statement				
(Surplus) or deficit for year on HRA services	**(4,797)**	**(5,114)**	**(5,332)**	**(5,602)**
Adjustment required by statute	4,990	4,650	4,370	4,285
Transfer (from)/ to HRA Reserves	0	450	950	1,300
(Increase) or decrease in year on the HRA	**193**	**(14)**	**(12)**	**(17)**
HRA balance brought forward	(2,272)	(2,079)	(2,093)	(2,105)
HRA balance carried forward	**(2,079)**	**(2,093)**	**(2,105)**	**(2,122)**

6. Collection Fund

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

Council Tax

Council Tax income finances the expenditure of Suffolk County Council, the Office of the Police and Crime Commissioner for Suffolk, Waveney District Council and its Town and Parish Councils. The Council Tax collection fund made an in year deficit of £58k during 2013/14 (£344k in 2012/13) and the Council share of the deficit is £7k (£38k in 2012/13) based on an apportionment formula.

The in-year deficit is due to the general economic situation and the resulting need to increase the provision for bad debts. The £58k deficit is apportioned between Waveney District Council, Suffolk County Council and the Office of the Police and Crime Commissioner for Suffolk in proportion to their respective Council Tax precept demands in the year.

Business Rates

2013/14 was the first financial year in which the new business rates retention scheme operated. The Council as Billing Authority collects all non domestic rates from local business and distributes these to Central Government (50%), Suffolk County Council (10%) and Waveney District Council (40%). In arriving at the business rate retention value, the Council had to make a number of assumptions in January 2013 as part of the National Non Domestic Rate (NNDR1) return (shown below). The NNDR1 provides an estimate for the year ahead. One of the key assumptions in arriving at the estimated amounts is in relation to the value of the outstanding appeals. The initial provision for the outstanding appeal costs was set at 5% based on the government's guidance. This resulted in a total provision value of £1.055m and meant the District Council would receive a net income of £3.787m (see Ref 1) before any levy payment was due to the Suffolk Pool as payments from the Collection Fund are based on the NNDR1 position.

During the financial year, the cessation of a number of local businesses and the impact of rating valuation appeals (which often result in a lower valuation) resulted in the estimated net yield reducing from £27.420m to £26.641m (see NNDR3 position below). In addition, the provision for appeals value was increased from £1.055m to £1.125m (see NNDR3 position below). The reduction in net yield and increase in provision resulted in a deficit in the Council's business rate collection fund which will be off set against next year's calculation. The overall impact is analysed below:

Business Rates Retention

	Estimate					**Outturn**			
	NNDR1 Position				Ref	NNDR3 position			
	Total	Central Government 50%	Suffolk County Council 10%	**WDC 40%**		Total	Central Government 50%	Suffolk County Council 10%	**WDC 40%**
Estimated net yield	27,419,551	13,709,776	2,741,955	**10,967,820**		26,641,108	13,320,554	2,664,111	**10,656,443**
Provision for appeals	1,054,689	527,344	105,469	**421,875**		1,125,304	562,652	112,530	**450,122**
Business rates Collection Fund	26,364,862	13,182,431	2,636,486	**10,545,945**		25,515,804	12,757,902	2,551,580	**10,206,322**
Tariff payment	0	0	6,758,903	**-6,758,903**		0	0	6,758,903	**-6,758,903**
Income subject to levy	26,364,862	13,182,431	9,395,389	**3,787,042**	1	25,515,804	12,757,902	9,310,483	**3,447,419**

	Outturn variation				Ref
	Total	Central Government 50%	Suffolk County Council 10%	**WDC 40%**	
Estimated net yield	-778,443	-389,222	-77,844	**-311,377**	
Provision for appeals	70,615	35,308	7,062	**28,246**	
Business rates Collection Fund	-849,058	-424,529	-84,906	**-339,623**	2
Tariff payment			0	**0**	
Income subject to levy	-849,058	-424,529	-84,906	**-339,623**	

Income received from Collection Fund	**3,787,042**	1
Share of deficit on Collection Fund	**-339,623**	2
	3,447,419	
Levy payment - Suffolk Pool	**-255,788**	
Additional income:		
S31 grant for Small Business Rate Relief	**596,994**	
Share of benefit from Pooling	**19,000**	
Total income received in 2013/14	**3,807,625**	
Budgeted Business Base line	**3,533,000**	
Surplus	**274,625**	

7. Capital

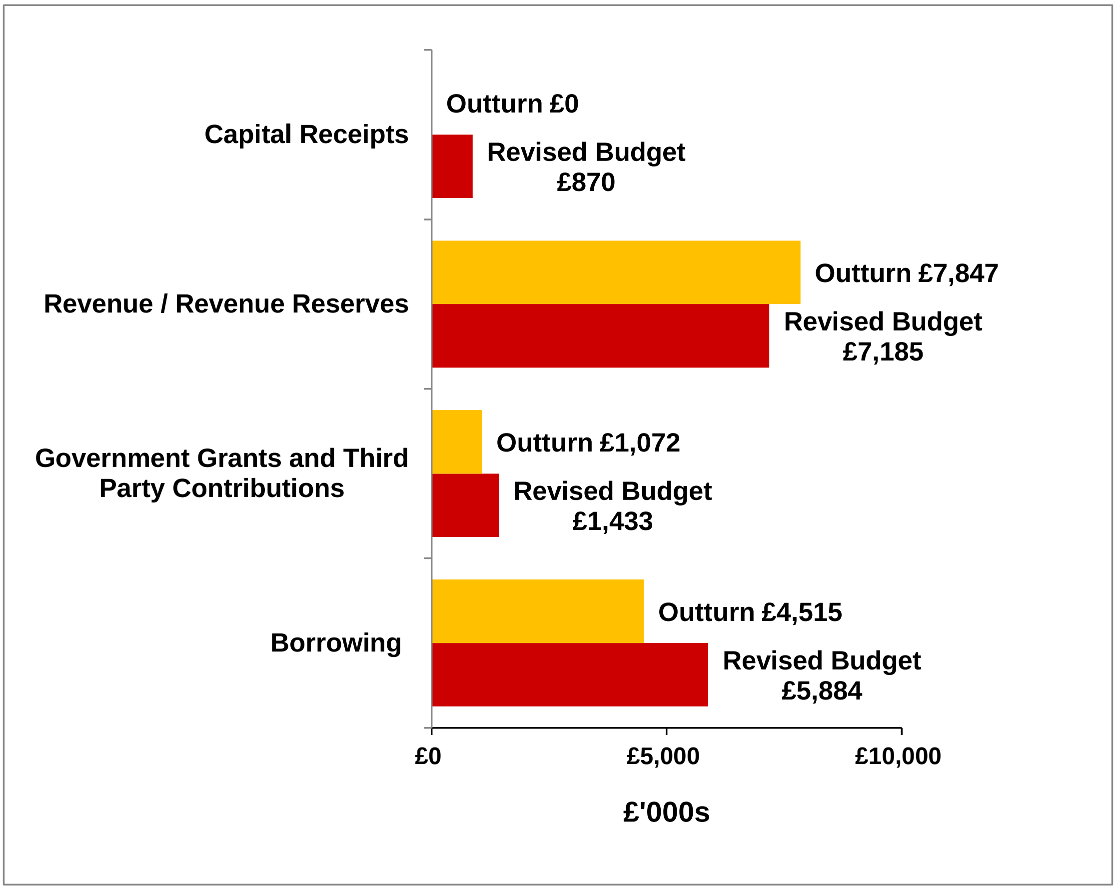
Capital expenditure relates to the acquisition of fixed assets or expenditure that adds to (and not merely maintains) the value of an existing fixed asset. The following table shows the capital outturn results for 2013/14 against the original budgeted programme approved by Full Council in February 2013, analysed by Portfolio (See Note 31 to the Core Financial Statements for further information):

Portfolio	Original Budget £'000	Revised Budget £'000	Outturn £'000	Variance to Revised Budget £'000
Community Health & Information Technology	314	348	277	(71)
Customers & Communities	0	12	0	(12)
Leisure, Tourism & Economic Development	190	193	198	5
Green Environment & Operational Partnerships	955	775	758	(17)
Planning & Coastal Management	765	425	226	(199)
Resources	3,119	7,631	6,088	(1,543)
Housing	6,148	5,988	5,887	(101)
Total Capital Expenditure	**11,491**	**15,372**	**13,434**	**(1,938)**

The outturn was £1.938 million below the Revised Budget for 2013/14, (£1.064 million below in 2012/13) and £1.943 million above the Original Estimate, as detailed in the table below:

Variations	
New Accommodation - delayed delivery of scheme due to contractual discussions and dealing with site contamination	(1,543)
Surge. Allocation carried forward into 2014/15 as part of the wider review of Coastal Defence work	(199)
Housing - Scheme re-phasing into 2014/15 following a number of savings in 2013/14	(101)
New IT System - delivery of the programme deferred into 2014/15	(55)
Lowestoft London Road Car Park improvements - scheme deferred into 2014/15	(49)
Section 106 Play Areas - scheme deferred into 2014/15	(29)
Footway Lighting - scheme deferred until 2014/15	(16)
Customer Services Equipment - scheme deferred until 2014/15	(12)
Other minor variations	2
Car Parks - Waterlane Car Park repair and enhancements brought forward from 2014/15 (compensating reduction in 2014/15 capital allocation)	30
Dip Farm Changing Rooms - External funding secured for enhancement of football changing rooms	34
Variations to the Revised Budget	**(1,938)**

The Capital Programme was financed as follows.



The most significant items of capital expenditure in the 2013/14 financial year related to:

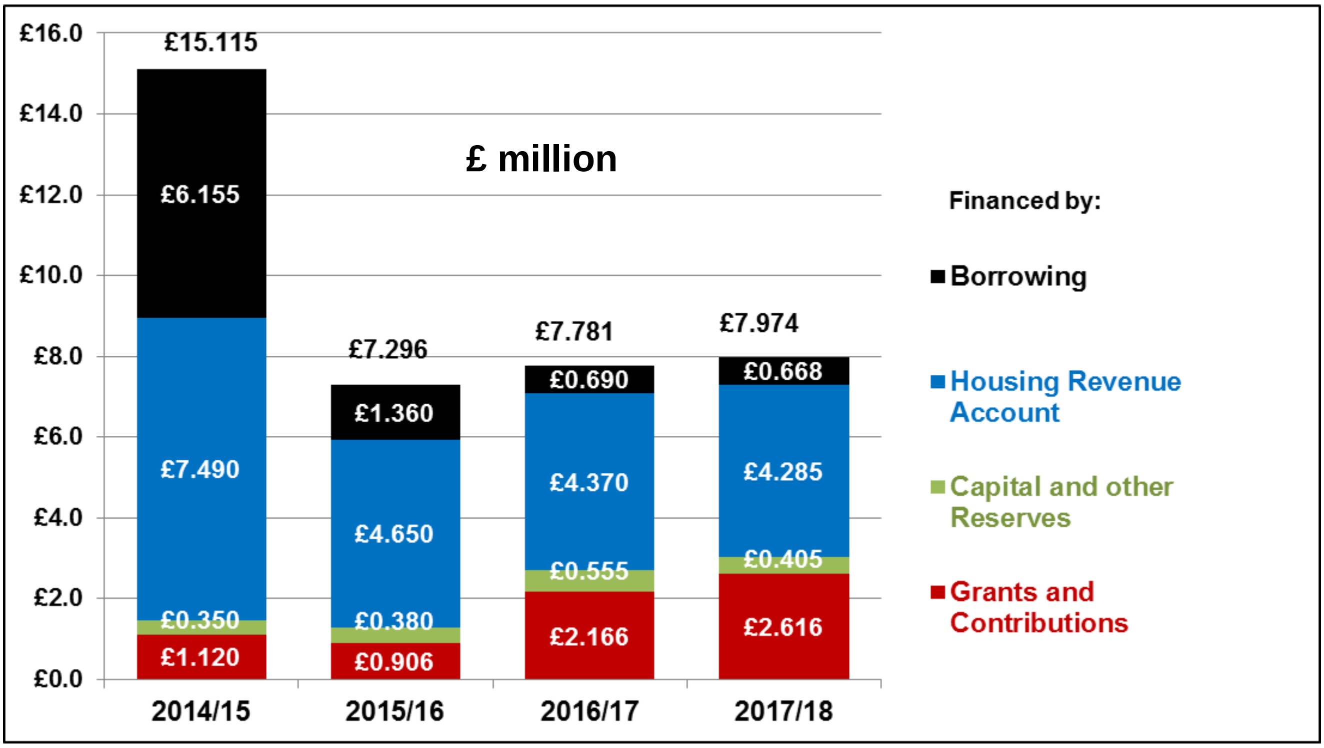
- the purchase of the Battery Green car park and associated shops (£4.38m);
- HRA Acquisition of properties (£1.26m);
- Disabled Facilities Grants (£709k);
- Waveney Norse Ltd vehicle replacement programme (£648k);
- New Office Accommodation (£572k);
- Ladies Walk in Southwold (£442k); and
- improvements to the Council's Housing stock (£3.9m).

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

- 50% share of the Marina Centre which had a carrying value of £554k (sale proceeds received were £500k) to Suffolk County Council as part of the shared accommodation project;
- 50% share of the Riverside Office land which had a carrying value of £282k (sale proceed received was £250k) to Suffolk County Council as part of the shared accommodation project; and
- Sale of council dwelling to tenants which had a carrying value of £580k (sale proceeds received were £823k).

The statutory limit on the Council's borrowing for capital purposes at 31st March 2014 was £122m (£122m 2012/13). The Council undertook new external borrowing of £4m during 2013/14 to finance the purchase of the Battery Green car park and associated units. External borrowing outstanding as at 31st March 2014 amounted to £93.297m (£89.297m 31 March 2013). No Long Term Debt was due for repayment in 2013/14, and therefore treated as short term borrowings in the Balance Sheet. See Note 44 to the Core Financial Statements for further information.

Capital expenditure plans for the next four years and how they are financed are detailed below:



8. Pensions

Pension costs are accounted for in accordance with the accounting standard IAS19. 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, it is only the actual payments that impact on the accounts, and 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 £39.388m in 2013/14 (2012/13 was £34.415m). 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 34 to the Core Financial Statements.

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

9. Reserves

Details of the movements in all reserves are shown in Notes 7, 8, and 23 to the Core Financial Statements. Reviewing the Council's reserves will continue to be carried out as part of the consideration of the MTFS during 2014/15. The main reserves held at 31st March are set out below, with further information in Notes 7, 8 and 23 to the Core Financial Statements:

	31 March 2014	31 March 2013
	£'000	£'000
Useable Reserves		
Held for Revenue Purposes		
General Fund	3,962	4,421
Earmarked Reserves	4,662	2,947
Housing Revenue Account	2,385	2,111
Housing Revenue Account Earmarked Reserves	3,808	3,258
Held for Capital Purposes		
Major Repairs Reserve	6,223	3,092
Capital Receipts Reserve	1,542	0
Capital Grants Unapplied	614	530
	23,196	**16,359**
Un-usable Reserves	**101,531**	**90,575**
Total Council Reserves	**124,727**	**106,934**

10. Strategic Partnerships

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

Waveney District Council and Suffolk Coastal 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. With effect from 1st October 2010, the councils implemented a shared joint management structure to run services for both councils. Further details on the staffing costs and recharges between each council are disclosed in Note 30 to the Core Financial Statements.

With effect from 1st April 2011, the Council transferred the management and operation of its leisure operations to the then newly formed Sentinel Leisure Trust. Seven volunteers have been appointed as Trustees and Directors of the new Trust and are joined by two Council representatives on the Board. The Council has granted a 15 year partnership management agreement with the Trust. The facilities and equipment remain the property of the Council throughout the Partnership, with the Trust operating under a lease. (See Note 35 to the Core Financial Statements-Contingent Liabilities for further information).

From December 2011, the Council also transferred the management and operation of the Marina Theatre to the Marina Theatre Trust. The Trust currently has a Board that consists of six members of the public, one representative of The Friends of the Theatre and two places for the Council's nominated representatives. The Council has granted a contract for the management of the Theatre to the Marina Theatre Trust for an initial period of 15 years, with the Council retaining the right to extend or terminate upon expiry of this term. Within the Partnership Agreement is the service fee set at £150k per year for the first five years, then to review subsequent service fees for each five year period. Equipment will be loaned to the Trust and title will remain with the Council.

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

Third Parties:	
Norfolk County Council - Norse Commercial Services Limited (NCS) and its subsidiaries.	Waste Control, Sports Grounds, Cemeteries, Parking, Parks and Open Spaces, Public Conveniences, CCTV, Beach Management, Waste Management and other Operational Services.
Norfolk County Council - NPS Property Consultants Ltd.	Asset Management.
Sentinel Leisure Trust	Leisure and Culture portfolio
Marina Theatre Trust	Management and operation of Marina Theatre, Lowestoft
Joint Arrangements:	
Waveney and Suffolk Coastal District Councils.	Senior Management (Chief Executive, two Directors and nine Heads of Service manage services jointly for both Councils.
Emergency Services - Joint Emergency Planning Unit	Provides Emergency Planning services for Suffolk County Council, St Edmundsbury Borough Council, Babergh, Forest Heath, Mid-Suffolk, Waveney and Suffolk Coastal District Councils.
Internal Audit service.	Internal audit partnership for Suffolk Coastal and Waveney District Councils, and Ipswich Borough Council.
Anglia Revenues Partnership.	Provision of Revenues and Benefits services for Breckland, Forest Heath, East Cambridgeshire, St. Edmundsbury, Suffolk Coastal and Waveney District Councils.
Lowestoft Rising	A place based approach to Suffolk's second largest town, which ensures services are delivered in the interests of the place and local people by Waveney District Council, Suffolk County Council, Office of the Police and Crime Commissioner for Suffolk, Great Yarmouth and Waveney CCG and Community Action Suffolk.
East Suffolk Partnership	Provides local strategic junction for East Suffolk region and is a partnership of all public, voluntary and private sector partners.

11. Overall Financial Position

When Members approved the General Fund budget for 2013/14 in February 2013, the Budget report identified a target level of General Fund reserves of between £2.5m and £3m - about 3% of its gross turnover - as a prudent balance to maintain in the long term.

The General Fund outturn for 2013/14 was an underspend of £139k. The uncommitted General Fund balance at 31st March 2014 will be £2.570m.

A further, more detailed analysis of the variance between the Revised Estimate for 2013/14 and the outturn is set out in paragraph 4 above.

The Budget report to Council in February 2014 highlighted significant Budget issues which have a bearing on shaping the budgets from 2014/15 onwards. The Medium Term Financial Plan (MTFS) currently forecasts a balanced position in respect of 2014/15. Future years beyond 2014/15 still show significant deficits, largely as a result of further losses in Central Government Grant Funding. These deficits will be addressed as part of the next Budget round over the next few months in 2014.

Major influences on the Council's financial position include;

a) Uncertainty surrounding future taxation, inflation and pay constraint assumptions in the years following 2014/15;

b) Volatility in the economy and the need for further restraint in 2015/16 to 2017/18 and beyond, leading to further significant reductions in spending by councils;

c) The funding uncertainties and greater risk transfer from central government to local levels evident in Business Rate income and rising arrears in both Council Tax and housing rents;

d) Delivery of Universal Credit, the programme for which has been significantly delayed. Revised proposals will see a phased expansion of claimant types and geographical areas during 2014 for new claimants only; expanding to all areas during 2016. Full integration of Housing Benefit will not be achieved until the end of 2017;

e) Reviews are ongoing on a range of proposed reforms to public sector pensions, including the Local Government Pension Scheme. The agreed proposals on a revised scheme will need to be tied in with future triennial reviews;

f) Given the forecast position, more radical and innovative solutions are required over the next four year period rather than being able to rely on further efficiencies and savings which will in any event be more difficult to achieve given past successes.

For 2013/14, transactions with the Housing Revenue Account see its level of balances at 31st March 2014 of £2.491m (31st March 2013 was £2.216m). This conforms with best practice, having also made provision for unintended consequences arising from welfare reform.

12. The impact of the National Economy.

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

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

Note 34 to the Core Financial Statements on Pensions sets out in detail the assets and liabilities attributed to this Council by the Actuary to the Suffolk County Council Pension Scheme. This Council's share of the Fund deficit has, at 31st March 2014 increased to £39.388m compared to £34.415m a year earlier. This increase in the deficit can be attributed to financial assumptions at 31st March 2014 being less favourable than they were at 31st March 2013, leading to a higher value being placed on Liabilities.

On the assets side the previous 12 months have been better than expected, resulting in a positive impact on the IAS19 position. Unfortunately, this positive impact is outweighed by the negative impact on the liability side of the Balance Sheet, which has led to an increased deficit.

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 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 £229.643m to £245.014m. The financial impact of all movements on property, plant and equipment in 2013/14 was an increase of £15.371m.

13. Further Information

Further information on the Council's finances is available from the Chief Finance Officer at Waveney District Council, Town Hall, High Street, Lowestoft, Suffolk, NR32 1HS (Telephone 01394 444570).

14. Translation Services

Information on the Waveney District Council website 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:

Chief Finance Officer,
Town Hall,
High Street,
Lowestoft,
Suffolk,
NR32 1HS.

STATEMENT OF RESPONSIBILITIES

The Council's Responsibilities

The Council is required to:

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

Councillor S Woods
Chairman of Audit & Governance Committee, Waveney District Council – 18th September 2014

The Chief Finance Officer's Responsibilities

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

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

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

The Chief Finance Officer has also:

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

Certificate by the Chief Finance Officer

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

Homira Javadi
Chief Finance Officer – 18th September 2014

MOVEMENT IN RESERVE STATEMENT

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

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Earmarked Housing Revenue Account Reserves £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	**Total Authority Reserves £'000**	Council's share of Reserves of Associate £'000	**Total Group Reserves £'000**
Balance at 31 March 2012	**(3,318)**	**(3,730)**	**(4,821)**	**-**	**-**	**-**	**(315)**	**(12,184)**	**(98,559)**	**(110,743)**	**(74)**	**(110,817)**
Movement in reserves during 2012/13												
(Surplus) or deficit on provision of services	4,377	-	(5,025)	-	-	-	-	(648)	-	**(648)**	-	**(648)**
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	4,457	**4,457**	-	**4,457**
Total Comprehensive Income and Expenditure	**4,377**	**-**	**(5,025)**	**-**	**-**	**-**	**-**	**(648)**	**4,457**	**3,809**	**-**	**3,809**
Adjustment between Group and Authority Accounts:												
- Purchase of Goods and Services from Associate								-		**-**	(42)	**(42)**
Net (Increase) / Decrease before Transfers	**4,377**	**-**	**(5,025)**	**-**	**-**	**-**	**-**	**(648)**	**4,457**	**3,809**	**(42)**	**3,767**
Adjustments between accounting basis and funding basis under regulations (note 7)	(4,697)	-	4,477	-	(3,092)	-	(215)	(3,527)	3,527	**-**	-	**-**
Net (Increase) / Decrease before Transfers to Earmarked Reserves	**(320)**	**-**	**(548)**	**-**	**(3,092)**	**-**	**(215)**	**(4,175)**	**7,984**	**3,809**	**(42)**	**3,767**
Transfer to/from Earmarked Reserves (note 8)	(783)	783	3,258	(3,258)	-	-	-	**-**	-	**-**	-	**-**
(Increase) / Decrease in Year	**(1,103)**	**783**	**2,710**	**(3,258)**	**(3,092)**	**-**	**(215)**	**(4,175)**	**7,984**	**3,809**	**(42)**	**3,767**
Balance at 31 March 2013 carry forward	**(4,421)**	**(2,947)**	**(2,111)**	**(3,258)**	**(3,092)**	**-**	**(530)**	**(16,359)**	**(90,575)**	**(106,934)**	**(116)**	**(107,050)**

MOVEMENT IN RESERVE STATEMENT

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Earmarked Housing Revenue Account Reserves £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Unusable Reserves £'000	**Total Authority Reserves £'000**	Council's share of Reserves of Associate £'000	**Total Group Reserves £'000**
Balance at 31 March 2013 brought forward	**(4,421)**	**(2,947)**	**(2,111)**	**(3,258)**	**(3,092)**	**-**	**(530)**	**(16,359)**	**(90,575)**	**(106,934)**	**(116)**	**(107,050)**
Movement in reserves during 2013/14												
Surplus or (deficit) on provision of services	(13,278)	-	(6,481)	-	-	-	-	(19,759)	-	**(19,759)**	-	**(19,759)**
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	1,966	**1,966**	-	**1,966**
Total Comprehensive Income and Expenditure	**(13,278)**	**-**	**(6,481)**	**-**	**-**	**-**	**-**	**(19,759)**	**1,966**	**(17,793)**	**-**	**(17,793)**
Adjustment between Group and Authority Accounts:												
- Purchase of Goods and Services from Associate								-		**-**	(58)	**(58)**
Net (Increase) / Decrease before Transfers	**(13,278)**	**-**	**(6,481)**	**-**	**-**	**-**	**-**	**(19,759)**	**1,966**	**(17,793)**	**(58)**	**(17,851)**
Adjustments between accounting basis and funding basis under regulations (note 7)	12,022	-	5,657	-	(3,131)	(1,542)	(84)	12,922	(12,922)	**-**	-	**-**
Net (Increase) / Decrease before Transfers to Earmarked Reserves	**(1,256)**	**-**	**(824)**	**-**	**(3,131)**	**(1,542)**	**(84)**	**(6,837)**	**(10,956)**	**(17,793)**	**(58)**	**(17,851)**
Transfer to/from Earmarked Reserves (note 8)	1,715	(1,715)	550	(550)	-	-	-	-	-	**-**	-	-
(Increase) / Decrease in Year	**459**	**(1,715)**	**(274)**	**(550)**	**(3,131)**	**(1,542)**	**(84)**	**(6,837)**	**(10,956)**	**(17,793)**	**(58)**	**(17,851)**
Balance at 31 March 2014 carried forward	**(3,962)**	**(4,662)**	**(2,385)**	**(3,808)**	**(6,223)**	**(1,542)**	**(614)**	**(23,196)**	**(101,531)**	**(124,727)**	**(174)**	**(124,901)**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement. The Group includes the Council's share of the Waveney Norse Ltd profits and tax expenses.

	Authority						Group	
	2013/14			2012/13			2013/14	2012/13
	Gross Expenditure	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Net Expenditure £'000	Net Expenditure £'000
Cost of Services								
Central Services to the Public	3,010	(1,060)	**1,950**	13,153	(10,843)	**2,310**	**1,950**	**2,310**
Cultural and Related Services	3,939	(1,253)	**2,686**	9,130	(1,479)	**7,651**	**2,686**	**7,651**
Environmental and Regulatory Services	9,343	(2,421)	**6,922**	8,736	(2,468)	**6,268**	**6,922**	**6,268**
Planning Services	3,143	(1,877)	**1,266**	2,937	(1,355)	**1,582**	**1,266**	**1,582**
Highways and Transport Services	147	(2,080)	**(1,933)**	1,382	(1,954)	**(572)**	**(1,933)**	**(572)**
Housing Revenue Account	9,804	(18,930)	**(9,126)**	10,133	(17,656)	**(7,523)**	**(9,126)**	**(7,523)**
Other Housing Services	44,279	(43,938)	**341**	42,817	(41,993)	**824**	**341**	**824**
Social Services	91	(5)	**86**	(28)	(4)	**(32)**	**86**	**(32)**
Corporate and Democratic Core	1,661	(4)	**1,657**	1,965	(128)	**1,837**	**1,657**	**1,837**
Non-Distributed Costs	8	-	**8**	(159)	-	**(159)**	**8**	**(159)**
Exceptional Items (note5)	(12,384)	-	**(12,384)**	-	-	**-**	**(12,384)**	**-**
	63,041	**(71,568)**	**(8,527)**	**90,066**	**(77,880)**	**12,186**	**(8,527)**	**12,186**
Other Operating Expenditure (note 9)			**1,983**			**803**	**1,983**	**803**
Financing and Investment Income and Expenditure (note 10)			**3,652**			**3,768**	**3,652**	**3,768**
Taxation and Non-Specific Grant Income (note 11)			**(16,867)**			**(17,405)**	**(16,867)**	**(17,405)**
(Surplus) or Deficit on Provision of Services (note 24)			**(19,759)**			**(648)**	**(19,759)**	**(648)**
Share of (Surplus)/Deficit on the Provision of services by Associate							**(60)**	**(56)**
Tax expenses of Associate							**2**	**14**
(Surplus)/Deficit			**(19,759)**			**(648)**	**(19,817)**	**(690)**
Surplus or deficit on revaluation of non-current assets (note 23)			**(2,448)**			**(535)**	**(2,448)**	**(535)**
Actuarial (gains)/losses on pension assets/liabilities (note 23)			**4,414**			**4,992**	**4,414**	**4,992**
Other Comprehensive Income and Expenditure			**1,966**			**4,457**	**1,966**	**4,457**
Total Comprehensive Income and Expenditure			**(17,793)**			**3,809**	**(17,851)**	**3,767**

BALANCE SHEET

The Balance Sheet shows the value of the assets and liabilities recognised by the Council and the Group at the Balance Sheet date. The net assets (assets less liabilities) are matched by the Group's reserves, reported in two categories. Details of the Usable Reserves can be found at the bottom of this Balance Sheet and Unusable Reserves held by the Group are contained within Note 23 to the Council's Core Financial Statements.

		Authority		Group	
	Note	31st March 2014	31st March 2013	31st March 2014	31st March 2013
		£'000	£'000	£'000	£'000
Property, Plant and Equipment	12	**245,014**	229,643	**245,014**	229,643
Investment Property	14	**3,957**	-	**3,957**	-
Heritage Assets	13	**495**	495	**495**	495
Intangible Assets	15	**242**	244	**242**	244
Long Term Investments	16 + 40	**10**	**10**	**10**	10
Investment in Associate		**-**	-	**174**	**116**
Long Term Debtors	16 + 41	**399**	**457**	**399**	457
Long Term Assets		**250,117**	**230,849**	**250,291**	**230,965**
Short Term Investments		**5,011**	-	**5,011**	-
Current Assets held for sale	19	**1,187**	1,193	**1,187**	1,193
Inventories	17	**97**	126	**97**	126
Short Term Debtors	18	**6,883**	5,839	**6,883**	5,839
Cash and Cash Equivalents	Cash Flow	**9,833**	7,415	**9,833**	7,415
Current Assets		**23,011**	**14,573**	**23,011**	**14,573**
Cash and Cash Equivalents	Cash Flow	**-**	**-**	**-**	-
Short Term Borrowing	16 + 44	**(9,000)**	(5,000)	**(9,000)**	(5,000)
Short Term Creditors	20	**(4,961)**	**(3,861)**	**(4,961)**	(3,861)
Short Term Capital Grants Receipts in Advance	22	**(1,419)**	**(1,083)**	**(1,419)**	(1,083)
Current Liabilities		**(15,380)**	**(9,944)**	**(15,380)**	**(9,944)**
Long Term Creditors	16 + 42	**(7,693)**	(8,387)	**(7,693)**	(8,387)
Long Term Provisions	21	**(494)**	(44)	**(494)**	(44)
Long Term Borrowing	16 + 44	**(84,296)**	(84,297)	**(84,296)**	(84,297)
Long Term Capital Grants Receipts in Advance	22	**(1,150)**	(1,401)	**(1,150)**	(1,401)
Other Long Term Liabilities - Pension Liability	34	**(39,388)**	**(34,415)**	**(39,388)**	(34,415)
Long Term Liabilities		**(133,021)**	**(128,544)**	**(133,021)**	**(128,544)**
Net Assets		**124,727**	**106,934**	**124,901**	**107,050**
Capital Reserves					
Capital Receipts Reserve		**(1,542)**	-	**(1,542)**	-
Capital Grants Unapplied		**(614)**	(530)	**(614)**	(530)
Major Repairs Reserve		**(6,223)**	(3,092)	**(6,223)**	(3,092)
Share of Reserves of Associate				**(174)**	(116)
Revenue Reserves					
General Fund					
Fund Balance		**(3,962)**	(4,421)	**(3,962)**	(4,421)
Earmarked Reserves		**(4,662)**	(2,947)	**(4,662)**	(2,947)
Housing Revenue Account					
Fund Balance		**(2,385)**	(2,111)	**(2,385)**	(2,111)
Earmarked Reserves		**(3,808)**	(3,258)	**(3,808)**	(3,258)
Usable reserves		**(23,196)**	**(16,359)**	**(23,370)**	**(16,475)**
Unusable reserves	23	**(101,531)**	(90,575)	**(101,531)**	(90,575)
Total Reserves		**(124,727)**	**(106,934)**	**(124,901)**	**(107,050)**

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority and Group during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

	2013/14 £'000	2013/14 £'000	2012/13 £'000	2012/13 £'000
Net (surplus) or deficit on the provision of services		**(19,759)**		(648)
Adjust net surplus or deficit on the provision of services for non cash movements:				
Depreciation and Amortisation of Non Current Assets	**(6,878)**		(5,517)	
Impairment and Net Downward valuations	**13,756**		(5,854)	
Change in Creditors	**8,360**		7,909	
Change in Debtors	**765**		(2,920)	
Change in Inventory	**(29)**		4	
Pension Liability	**(559)**		214	
Carrying value of Non-Current Assets disposed	**(2,960)**		(2,082)	
Other non-cash items charged to Surplus / Deficit on Provision of Services	**(546)**		(87)	
		11,909		(8,333)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		2,843		4,668
Net cash flows from Operating Activities		**(5,007)**		**(4,313)**
Investing Activities:				
Purchase of property, plant and equipment, investment property and intangible assets	**4,107**		11,175	
Purchase of short-term and long-term investments	**5,000**		-	
Other payments for investing activities	**-**		-	
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	**(1,687)**		(2,050)	
Proceeds from short-term and long-term investments	**-**		-	
Other receipts from investing activities	(1,150)		(2,399)	
		6,270		6,726
Financing Activities:				
Cash receipts of short- and long-term borrowing	**(4,000)**		(5,000)	
Other receipts from financing activities	**319**		973	
Cash payments for the reduction of the outstanding liabilities relating to finance leases	**-**		(54)	
Repayments of short- and long-term borrowing	**-**		5,000	
Other payments for financing activities	-		-	
		(3,681)		919
Net increase or decrease in cash and cash equivalents		**(2,418)**		**3,332**
Cash and cash equivalents at the beginning of the reporting period		**(7,415)**		(10,747)
Cash and cash equivalents at the end of the reporting period (See below)		**(9,833)**		**(7,415)**
Cash held by officers		2		2
Short-term deposits		9,355		7,009
Other bank balances		476		404
Sub-Total - Cash and Cash Equivalents		**9,833**		**7,415**
Other bank balances (overdrafts)		-		-
Cash and cash equivalents at the end of the reporting period		**9,833**		**7,415**

1. Accounting policies

a) General principles

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

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

b) Accruals of income and expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract. 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Where payments have been received in advance of obligations being performed, they have been recognised as a liability on the Balance Sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress with inventories on the Balance Sheet.
- In calculating the accrual for major grant claims including Housing Benefit Subsidy, the sums receivable have been estimated using the latest information available from the Housing Benefit system.
- Where the Council is acting as an agent for another party (e.g., in the collection of non domestic rates (NDR) and council tax), income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services rendered or the Council incurs expenses directly on its own behalf in rendering the services.

c) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in seven days or less from the date of acquisition and that are readily convertible to known amounts of cash without penalty and with insignificant risk of change in value.

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

e) Charges to revenue for non-current assets

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

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

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

Statutory guidance for calculating MRP offers a number of options for calculating a prudent provision. Of the four options specified in the guidance, the Council's policy is to use option one (the Regulatory method) in respect of historical financing and new “supported” capital expenditure, and option three (the Asset Life method) in respect of all “unsupported” capital expenditure. Most of the Council's capital programme is “unsupported” in that the revenue support grant formula does not include provision for these financing costs. MRP in respect of any leases brought on Balance Sheet under IFRS will match the annual principal repayment for the associated liability, therefore neutralising any potential impact on council tax.

f) Employee benefits

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

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

	2012/13 Original £'000	2012/13 Restated £'000
Movement in Reserves Statement		
Surplus/(Deficit) on the Provision of Services	-1,284	-648
Other Comprehensive Income and Expenditure	5,091	4,457
Comprehensive Income and Expenditure Statement		
Surplus/Deficit on the Provision of Services		
Financing and Investment Income and Expenditure		
Pensions interest costs and expected return on assets	750	-
Net interest on the defined pension liability	-	1,386

	2012/13 Original £'000	2012/13 Restated £'000
Other Comprehensive Income and Expenditure		
Actuarial (gains)/losses on pension assets/liabilities	5,626	-
Re-measurement of the net defined pension fund liabilities	-	4,992
Cash Flow Statement		
Change in Pension Liability	850	214

Benefits payable during employment

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

Termination benefits

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

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

Post employment benefits

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

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

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

  - property - market value.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
  - current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
  - past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs; and
  - net interest on the net defined benefit liability, i.e. net interest expense for the authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
  - actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Suffolk County Council Pension Fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Pensions impact on council tax and the Housing Revenue Account

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

Discretionary benefits

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

g) Events after the balance sheet date

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

h) Financial instruments

Financial liabilities

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

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable; and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge 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.

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

Any loans made at less than market rates are known as "soft loans". When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year - the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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

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

i) Government grants and contributions

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

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

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

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

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

j) Heritage assets

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

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The Council's collections of heritage assets are accounted for as follows:

Civic regalia, portraits and medals

The Council owns a collection of mayoral items in respect of both the District Council and the former Lowestoft Borough Council. In addition there are a number of medals and portraits with local interest, including a Victoria Cross. Where material, these assets are included in the Council's accounts and reported in the Balance Sheet at insurance valuation, based on estimated market 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.

Paintings, prints and photographs

The Council owns a number of paintings, prints and photographs of local interest. Where material these items are reported in the Balance Sheet at insurance value. Valuations are reviewed at appropriate intervals to ensure the 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.

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.

Lowestoft Porcelain

The Council owns a collection of pieces of Lowestoft Porcelain, which is held for its connection to local history and heritage. These items are reported in the Balance Sheet at insurance valuation, based on market values, with valuations updated at appropriate intervals to ensure their carrying value remains current. The porcelain is deemed to have indeterminate lives and a high residual value, hence 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.

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 R 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 R in this summary of significant accounting policies).

k) Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when the original cost exceeds £10,000 and it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

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. In practice, no intangible asset held by the Council meets this criterion and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

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

l) Interests in companies and other entities

In May 2008, the Council signed an agreement with Norse Commercial Services Limited (NCS). A new company, Waveney Norse Limited was incorporated on 23rd May 2008 and began trading on 1st July 2008, with the Council having a 19.9% share in the Company. The Council transferred the responsibility for the delivery of the refuse, cleansing and maintenance services to Waveney Norse Limited. Profits and losses are shared 50%/50% with NCS.

Following a review of the Group Accounting requirements in the 2013/14 Code of Practice on Local Authority Accounting (the Code), and a review of the Norse Agreement in conjunction with NCS, the Council’s accounting relationship with Waveney Norse Limited for 2013/14 has been determined as an Associate. In the Council's own single-entity accounts, the interest in Waveney Norse Limited is recorded as a financial asset at cost, less any provision for losses.

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

m) Inventories

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

n) Investment properties

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

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

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the 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.

o) Jointly controlled assets

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

p) Leases

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

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

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

The Council as Lessee

Finance leases

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

Lease payments are apportioned between:

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

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

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

Operating leases

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

<u>The Council as Lessor</u>

Finance leases

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

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the asset - applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating leases

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

q) Overheads and support services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2013/14* (SeRCOP).

The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

r) 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 £10,000, is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

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

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

- infrastructure, community assets and assets under construction - depreciated historical cost;
- dwellings - fair value, determined using the basis of existing use value for social housing (EUV-SH); or
- all other assets - fair value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. The effective date of revaluation of those assets revalued in 2013/14 is 1st April 2013, with the exception of council dwellings whose effective date of revaluation is 31st March 2014. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the

Surplus or Deficit on the Provision of Services where they arise from the reversal of a revaluation or impairment loss previously charged to a service.

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no or insufficient balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement for the amount not covered by any Revaluation Reserve balance for that asset.

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

Impairment

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

Where impairment losses are identified they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no or insufficient balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement for the amount not covered by any Revaluation Reserve balance for that asset.

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

Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings - straight-line allocation over the useful life of the property as estimated by the valuer;
- vehicles, plant, furniture and equipment - straight line allocation over the useful life of the asset, as advised by a suitably qualified officer; or
- infrastructure - straight-line allocation over 40 to 60 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 two years for the Town Hall, to up to 60 years for new permanent buildings and some categories of infrastructure.

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, and whose life is materially different to that of the main asset, the components are depreciated separately. This will generally apply where the cost of the potential component exceeds 25% of the total cost of the asset, and where the life of that component is less than 50% of the expected life of the main asset. Below those de minimis levels, it is unlikely that a failure to account separately for components would have a material impact on depreciation charges, using the Council's capital expenditure de minimis level of £10,000 as a guide for material impact.

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

Disposals and non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. Irrespective of the timing of any decision an asset is surplus; the accounting treatment will apply from 1st April in that year. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on assets held for sale.

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

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

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals 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.

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

s) Provisions, contingent liabilities and contingent assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. Where the obligation is expected to be settled within 12 months of the Balance Sheet date the provision is recognised as a Current Liability in the Balance Sheet. Other provisions are recognised as Long Term Liabilities.

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

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

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

Contingent liabilities

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

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

Contingent assets

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

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

t) 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 or Housing Revenue Account in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance or Housing Revenue Account in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

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

u) Revenue expenditure funded from capital under statute

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

v) Collection fund

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

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

- Section 90(1) of the 1988 Act: setting out the main types of income from other parties which must be paid directly into the Collection Fund (council tax, NDR, Business Rate Supplements (BRS) receipts, and sums received from precepting authorities and central government to meet a deficit on the fund arising in the previous year).
- Section 90(2) of the 1988 Act: setting out the main types of expenditure which must be made directly from the Collection Fund (council tax precepts (excluding parish precepts), shares of NDR to precepting authorities and central government, distributions of a surplus on the fund arising in the previous year in respect of council tax and NDR, council tax and NDR refunds and payments to BRS levying authorities).
- Section 97 of the 1988 Act: providing for transfers between the General Fund and the Collection Fund in relation to the billing authority’s own demand on the latter.
- Fund Regulations made under section 99 of the 1988 Act: prescribing the timing of transactions specified in the sections of the 1988 Act cited above and arrangements for holding and investing surplus cash belonging to the fund.

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

The effect on the Collection Fund is:

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

w) VAT

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

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

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

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

- **IFRS 10 Consolidated Financial Statements** – This standard introduces a new definition of control, which is used to determine which entities are consolidated for the purposes of group accounts. The Council does not have any subsidiaries and has one associate, Waveney Norse Limited. After due consideration, Waveney Norse Limited remains an associate under the revised definition, this would therefore have no impact on the 2013/14 Statement of Accounts. Further information is provided below in line with the new disclosure requirements of IFRS 12.
- **IFRS 11 Joint Arrangements** – This standard addresses the accounting for a 'joint arrangement', which is defined as a contractual arrangement over which two or more parties have joint control. These are classified as either a joint venture or a joint operation. In addition proportionate consolidation can no longer be used for jointly controlled entities. The Council has no joint venture arrangements.
- **IFRS 12 Disclosures of Involvement with Other Entities** – This is a consolidated disclosure standard requiring a range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. The Council's arrangement with Waveney Norse Limited is covered under IFRS12, therefore further disclosure have been made.

- An overview of Waveney Norse Limited is included at Note 38. The associate is owned by Norse Commercial Services Limited, which is a subsidiary of Norfolk County Council. Norse Limited holds eight ‘A’ shares and the Council two ‘B’ shares. ‘A’ shares entitle the holder to a preference dividend share before the remaining profits are distributed between ‘A’ and ‘B’ shareholders. ‘B’ shares do not carry dividend or distribution rights. In terms of voting rights, Norse Commercial Services Limited owns a majority (equal to 3 votes), whilst the Council has a minority (equal to 2 votes). Therefore, this is an associate of the Council and is accounted for accordingly.
- **IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures** – These statements have been amended to conform with the changes in IFRS 10, IFRS 11 and IFRS 12. Given that there would be no changes in the financial statements, except for disclosure, due to the changes to IFRS 10, IFRS 11 and IFRS 12, there is therefore also no impact as a result of changes in IAS 27 and IAS 28.

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

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

3. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for Local Government. However, the Council has determined that this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Council has examined its leases, and classified them as either operational or finance leases. In some cases the lease transaction is not always conclusive and the Council uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In reassessing the lease the Council has estimated the implied interest rate within the lease to calculate interest and principal payments.
- Waveney Norse Limited continues to be recognised as an Associate in the Council's financial statements and Group Accounts have been prepared in 2013/14. The Council's arrangements commencing in 2011/12 for leisure services provision with Sentinel Leisure Trust and the Marina Theatre Trust have been assessed as not requiring Group Accounting, following a review against the guidance in the CIPFA Code. The position will be reviewed annually and other areas potentially requiring Group Accounts will be kept under review.
- The nature of the accounting treatment in respect of the use of the Council's assets by Waveney Norse Limited has not been considered an embedded lease under IFRIC 4 as the Council retains ultimate control over those assets.
- 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.
- Business Rates Retention scheme came into operation from 1st April 2013 and as part of the National Non Domestic Rates (NNDR1) return in January 2013, the Council had to estimate the income expected to be received in 2013/14 based on a number of assumptions. The most significant assumption was in relation to the provision for appeals. The Council based the provision on Government guidance which was 5% of appeals that had been lodged with the Valuation Office, backdated for four years.

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

The preparation of Statement of Accounts requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £204k (£60k council dwellings and £144k other buildings) for every year that useful lives had to be reduced. 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 31st March 2014, the Council had a balance of sundry debtors of £5.713m. A review of significant balances suggested that an allowance for doubtful debts of £2.651m 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 an increase in the amount of the impairment of the doubtful debts would be required. If necessary such a sum could be met from reserves and balances in the short term. However, the ongoing monitoring of the Council's debt makes this scenario extremely unlikely.
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 Benefit paid in the year to the value of £41.2 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.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Business Rates Appeals	From 1st April 2013, the Business Rates Retention scheme came into operation. The Council as Billing Authority collects all non domestic rates from local business and distributes these to Central Government (50%), Suffolk County Council (10%) and Waveney District Council (40%). In arriving at the business rate retention value, the Council had to make a number of assumptions in January 2013. One of the key assumptions in arriving at the estimated amounts is in relation to the value of the outstanding appeals. The provision for the outstanding appeal costs was set at 5% based on the government's guidance. This resulted in a total provision value of £1.125m of which the Council's share is £450k.	If all the appeals were successful and the reduction in the individual businesses bills is more than the 5% provision established, this would result in a loss of income to Central Government, Suffolk County Council and Waveney District Council based on 50%, 10% and 40% respectively. If appeals are not successful or the reduction in a business's bill is less than 5%, this would result in more income to Central Government, Suffolk County Council and Waveney District Council based on the same as above. A 1% increase / decrease in the provision equates to £225k of income of which 40% impacts on the Council (£90k).

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.

In 2013/14, CIPFA provided further clarification on capital accounting, which resulted in the Council's valuers changing their Existing Use estimation technique in relation to the valuation of the Council's leisure assets, which in 2011/12 were leased to Sentinel Leisure Trust on peppercorn leases. Previous Existing Use valuations were based on the income received from the lease of the asset, which being peppercorn, reduced the assets values to nil, with the revaluation loss of £12.384m being charged to Cost of Services.

The Existing Use valuations in 2013/14 are based on the leisure assets being used for leisure activities, therefore previous years revaluation losses have to be reversed out of Cost of Services, as the assets now have a material value on the Council's balance sheet.

6. Events after the Balance Sheet date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 18th September 2014. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

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

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

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

7. Movement In Reserves Statement - adjustments between accounting basis and funding basis under regulations

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

General Fund Balance

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

Capital Receipts Reserve

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

Capital Grants Unapplied Account

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

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.

	Usable Reserves						
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2012/13							
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	(2,302)	(17)	(3,068)	-	-	**(5,387)**	5,387
Revaluation losses on Property, Plant and Equipment	(6,313)	468		-	-	**(5,845)**	5,845
Amortisation of intangible assets	(106)	-	(24)	-	-	**(130)**	130
Capital grants and contributions that have been applied to capital financing	-	-	-	-	2,399	**2,399**	(2,399)
Revenue expenditure funded from capital under statute	(411)	-	-	-	-	**(411)**	411
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	(1,125)	(956)	-	-	-	**(2,081)**	2,081
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>							
Statutory provision for the financing of capital investment	994	193	-	-	-	**1,187**	(1,187)
Capital expenditure charged against the General Fund and HRA balances	1,264	3,444	-	-	-	**4,708**	(4,708)
Adjustment involving the Capital Grants Unapplied Account:							
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	2,614	-	-	-	(2,614)	**-**	-

	Usable Reserves						
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
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	723	1,327	-	(2,047)	-	**3**	(3)
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	1,824	-	**1,824**	(1,824)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(224)	-	-	224	-	**-**	-
Transfer from Deferred Capital Receipts Reserve on receipt of cash	-	-	-	(1)	-	**(1)**	1
Adjustments involving the Financial Instruments Adjustment Account:							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	29	-	-	-	-	**29**	(29)
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 23)	(2,355)	(476)	-	-	-	**(2,831)**	2,831
Employer's pensions contributions and direct payments to pensioners	2,553	494	-	-	-	**3,047**	(3,047)
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	(38)	-	-	-	-	**(38)**	38
Total Adjustments	**(4,697)**	**4,477**	**(3,092)**	**-**	**(215)**	**(3,527)**	**3,527**

	Usable Reserves						
	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2013/14							
Adjustments Involving the Capital Adjustment Account:							
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:							
Charges for depreciation and impairment of non current assets	(3,787)	16	(3,107)	-	-	**(6,878)**	6,878
Revaluation losses on Property, Plant and Equipment	13,265	491	-	-	-	**13,756**	(13,756)
Amortisation of intangible assets	(83)	-	(24)	-	-	**(107)**	107
Capital grants and contributions that have been applied to capital financing	-	-	-	-	1,072	**1,072**	(1,072)
Other Movements	675	-	-	-	-	**675**	(675)
Revenue expenditure funded from capital under statute	(709)	-	-	-	-	**(709)**	709
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	(2,276)	(684)	-	-	-	**(2,960)**	2,960
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:							
Statutory provision for the financing of capital investment	1,098	-	-	-	-	**1,098**	(1,098)
Capital expenditure charged against the General Fund and HRA balances	2,678	5,169	-	-	-	**7,847**	(7,847)
Adjustment involving the Capital Grants Unapplied Account:							
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	1,155	-	-	-	(1,156)	**(1)**	1

	Usable Reserves General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
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	826	861	-	(1,542)	-	**145**	(145)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(146)	-	-	-	-	**(146)**	146
Adjustments involving the Financial Instruments Adjustment Account:							
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	35	-	-	-	-	**35**	(35)
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 23)	(2,907)	(579)	-	-	-	**(3,486)**	3,486
Employer's pensions contributions and direct payments to pensioners payable in the year	2,544	383	-	-	-	**2,927**	(2,927)
Adjustments involving the Collection Fund Adjustment Account:							
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements.	(346)	-	-	-	-	**(346)**	346
Total Adjustments	**12,022**	**5,657**	**(3,131)**	**(1,542)**	**(84)**	**12,922**	**(12,922)**

8. Movement In Reserves Statement – transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and Housing Revenue Account balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and Housing Revenue Account expenditure in 2012/13 and 2013/14.

	Balance 1 April 2012	Transfers Out 2012/13	Transfers In 2012/13	Balance 31 March 2013	Transfers Out 2013/14	Transfers in 2013/14	Balance 31 March 2014	Purpose of the Earmarked Reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
General Fund:								
Lowestoft Charter Trustees	**15**	(5)	-	**10**	-	2	**12**	To cover the Trustees role including mayoral and civic expenses.
Conservation, Planning & Building Control	**225**	(9)	-	**216**	-	77	**293**	A statutory fund to ensure Building Control expenditure works on a break even basis over a rolling annual period.
District Elections	**-**	-	70	**70**	-	60	**130**	To support costs of future elections.
Backlog Repairs and Maintenance	**145**	(25)	-	**120**	-	-	**120**	To meet maintenance demands for corporate buildings.
Leisure Outsourcing Reserve	**2**	(2)	-	**-**	-	-	**-**	Set aside towards potential legal costs and other services required to achieve any outsourcing of leisure services.
Actuarial Adjustments Reserve	**489**	(92)	20	**417**	(60)	-	**357**	To support any pressure on finances for redundancies / capital contributions to the Pension Fund as a result of the Council's progress with the Shared Services agenda.
Housing Benefits Subsidy Reserve	**500**	(400)	-	**100**	-	100	**200**	To even out future years' pressure from the final audit of Housing Benefit Subsidy claims.
Efficiencies Reserve	**520**	-	-	**520**	(140)	-	**380**	To provide seed funding for efficiency (invest to save) initiatives that will produce savings in future revenue budgets.
Land Charges Reserve	**109**	-	-	**109**	-	-	**109**	To support the General Fund from losses in future Land Charges income.
Revenue Grants Receipt in Advance Reserve	**120**	(45)	14	**89**	(17)	6	**78**	To match revenue grants received in advance with its related expenditure in subsequent years.
Short Life Assets Reserve	**1,348**	(1,260)	323	**411**	(675)	433	**169**	To fund the purchase of short life assets. In order to maintain the level of the Reserve any capital funding will be repaid from revenue budgets.
Waste Management Reserve	**56**	(56)	-	**-**	-	-	**-**	To support the General Fund from the impact of any future changes to recycling credits.
New Homes Bonus Reserve	**201**	(250)	531	**482**	(626)	799	**655**	To support economic development and business growth initiatives.
Major Projects Reserve	**-**	-	100	**100**	-	-	**100**	Funding to support projects and initiatives for the Area Action Plan in the Lake Lothing and outer harbour area.
Southwold Beach Hut Reserve	**-**	(4)	255	**251**	(440)	189	**-**	Receipt of monies from letting of new Beach Hut sites in Southwold in 2012/13 approved to be used to fund new pathway at Ladies Walk in 2013/14.

	Balance 1 April 2012	Transfers Out 2012/13	Transfers In 2012/13	Balance 31 March 2013	Transfers Out 2013/14	Transfers in 2013/14	Balance 31 March 2014	Purpose of the Earmarked Reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
MMI Reserve	-	-	52	52	-	-	52	To provide for potential liabilities relating to Municipal Mutual Insurance Limited (MMI).
Business Rates Equalisation Reserve	-	-	-	-	-	600	600	To provide a source of finance to equalise the effect of changes in Business Rate income.
Housing Condition Survey	-	-	-	-	-	20	20	To meet the cost of the periodic survey of private sector housing within the district.
Rent Guarantee Scheme	-	-	-	-	-	25	25	To provide a source of finance for landlord claims.
Flood Prevention Reserve	-	-	-	-	-	362	362	Following the Tidal Surge of 2013, this reserve has been established and provides a source of finance for flood prevention
Capital	-	-	-	-	-	1,000	1,000	To provide an additional source of finance for unspecified capital investment plans.
Total General Fund	3,730	(2,148)	1,365	2,947	(1,958)	3,673	4,662	

	Balance 1 April 2012	Transfers Out 2012/13	Transfers In 2012/13	Balance 31 March 2013	Transfers Out 2013/14	Transfers in 2013/14	Balance 31 March 2014	Purpose of the Earmarked Reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Housing Revenue Account:								
Hardship Reserve	-	-	500	500	-	-	500	Recognising the need to provide financial help to tenants who find themselves in financial hardship due to the welfare reforms.
Debt Repayment Reserve	-	-	2,706	2,706	-	150	2,856	To set aside funds to meet future liabilities for repaying the Self-Financing debt.
MMI Reserve	-	-	52	52	-	-	52	To provide for potential liabilities relating to Municipal Mutual Insurance Limited (MMI).
Impairment/Revaluation Reserve	-	-	-	-	-	400	400	To provide for potential impairment and revaluation losses to HRA assets due to current and future changes in Accounts and Audit Regulations.
Total Housing Revenue Account	-	-	3,258	3,258	-	550	3,808	
Total	3,730	(2,148)	4,623	6,205	(1,958)	4,223	8,470	

9. Comprehensive Income and Expenditure Statement- other operating expenditure

	2013/14 £'000	2012/13 £'000
Parish Council precepts	541	523
Levies	22	22
Payments to the Government Housing Capital Receipts Pool	146	224
Gains/losses on the disposal of non current assets	1,274	34
Total	**1,983**	**803**

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

	2013/14 £'000	2012/13 £'000
Interest payable and similar charges	2,484	2,511
Pensions interest cost and expected return on pensions assets	1,526	1,386
Income and expenditure in relation to investment properties and changes in their fair value	(262)	-
Interest receivable and similar income	(96)	(129)
Total	**3,652**	**3,768**

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

	2013/14 £'000	2012/13 £'000
Council tax income	(5,578)	(6,458)
Non domestic rates	(10,546)	(8,029)
Tariff payment to Suffolk County Council	6,759	-
Share of (surplus)/deficit on collection fund	337	-
Levy payment to Suffolk Business Rates Pool	256	-
Share of pooling benefit with other Suffolk Councils	(19)	-
Non-ring fenced government grants	(6,921)	(304)
Capital grant and contributions	(1,155)	(2,614)
Total	**(16,867)**	**(17,405)**

12. Property, plant and equipment

Movements on Balances

Movements in 2013/14:	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Land awaiting Development	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation									
At 1 April 2013	173,309	28,967	11,730	26,802	2,771	2,574	674	600	247,427
Additions	5,010	857	1,531	988	-	-	150	96	8,632
Revaluation increases/(decreases) recognised in the Revaluation Reserve	116	1,767	-	-	51	74	-	-	2,008
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,120)	12,663	-	-	(2)	99	(59)	560	11,141
Derecognition - Disposals	(585)	(593)	(180)	-	-	(1)	-	(282)	(1,641)
Derecognition - Other	(27)	(658)	(865)	(1,424)	(9)	-	(25)	-	(3,008)
Assets reclassified (to)/from Held for Sale		(30)			(52)	(74)			(156)
Other movements in Cost or Valuation	26	353	25	589	-	(21)	(614)	(358)	-
At 31 March 2014	175,729	43,326	12,241	26,955	2,759	2,651	126	616	264,403
Accumulated Depreciation and Impairment									
At 1 April 2013	16	1,304	6,006	10,372	-	86	-	-	17,784
Depreciation charge	2,660	1,371	1,479	837	-	-	-	-	6,347
Depreciation written out to the Revaluation Reserve	(43)	(396)	-	-	-	-	-	-	(439)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(2,611)	(406)	-	-	-	-	-	-	(3,017)
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(16)	(47)	-	594	-	-	-	-	531
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	(6)	(11)	(96)	-	-	-	-	-	(113)
Derecognition - Other	-	(80)	(722)	(902)	-	-	-	-	(1,704)
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-	-	-
At 31 March 2014	-	1,735	6,667	10,901	-	86	-	-	19,389
Net Book Value									
At 31 March 2014	175,729	41,591	5,574	16,054	2,759	2,565	126	616	245,014
At 31 March 2013	173,293	27,663	5,724	16,430	2,771	2,488	674	600	229,643

Comparative Movements in 2012/13:	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	Land awaiting Development £'000	Total Property, Plant and Equipment £'000
Cost or Valuation									
At 1 April 2012	171,664	36,850	10,514	23,264	2,774	2,663	643	600	248,972
Additions	4,451	1,160	1,818	3,538	11	-	31	-	11,009
Revaluation increases/(decreases) recognised in the Revaluation Reserve	64	(403)	-	-	2	(75)	-	-	(412)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,025)	(6,919)	-	-	(13)	-	-	-	(8,957)
Derecognition - Disposals	(845)	(674)	(602)	-	-	-	-	-	(2,121)
Derecognition - Other	-	(75)	-	-	-	-	-	-	(75)
Assets reclassified (to)/from Held for Sale	-	(809)	-	-	-	(175)	-	-	(984)
Other movements in Cost or Valuation	-	(163)	-	-	(3)	161	-	-	(5)
At 31 March 2013	173,309	28,967	11,730	26,802	2,771	2,574	674	600	247,427
Accumulated Depreciation and Impairment									
At 1 April 2012	-	2,285	5,282	9,554	3	86	-	-	17,210
Depreciation charge	2,614	854	1,253	818	-	-	-	-	5,539
Depreciation written out to the Revaluation Reserve	(45)	(810)	-	-	-	-	-	-	(855)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(2,560)	(686)	-	-	-	-	-	-	(3,246)
Impairment losses/(reversals) recognised in the Revaluation Reserve	17	(170)	-	-	-	-	-	-	(153)
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	(106)	-	-	-	-	-	-	(106)
Derecognition - Disposals	(10)	(63)	(529)	-	-	-	-	-	(602)
Other movements in Depreciation and Impairment	-	-	-	-	(3)	-	-	-	(3)
At 31 March 2013	16	1,304	6,006	10,372	-	86	-	-	17,784
Net Book Value									
At 31 March 2013	173,293	27,663	5,724	16,430	2,771	2,488	674	600	229,643
At 1 April 2012	171,664	34,565	5,232	13,710	2,771	2,577	643	600	231,762

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	35 to 50
Other Land and Buildings*	30 to 60
HRA Garages	5
Vehicles, Plant and Equipment	5 to 20
Infrastructure Assets	40 to 60
Community Assets	60
Other depreciating assets	40 to 60

* The Town Hall only has an estimated remaining life of two years based on its existing use value, this is due to the accommodation project.

Capital Commitments - At 31st March 2014 the Council had contractual commitments on assets under construction of £6.2m.

Effects of Changes in Estimates - There were no material changes to accounting estimates for Property, Plant and Equipment.

Revaluations

The following statement shows the progress of the Council's programme of revaluation of Property, Plant and Equipment. The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. All valuations were carried out by the Council's external valuers, NPS Property Services Ltd. The effective date of valuation is 1 April in the year of account, with the exception of Council Dwellings, which are valued at the 31 March year-end date as any movement of prices in-year is likely to be material in the Balance Sheet. Valuations of land and buildings were carried out in accordance with the methodologies and bases 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.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Land awaiting Development	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost		24	12,241	25,751	2,758	-	125	-	40,899
Value at fair value as at:									
31 March 2014	175,729	23,948	-	-	-	550	-	616	200,843
31 March 2013	-	6,199	-	-	-	-	-	-	6,199
31 March 2012	-	6,502	-	-	-	65	-	-	6,567
31 March 2011	-	2,073	-	-	-	520	-	-	2,593
31 March 2010	-	4,535	-	-	-	1,517	-	-	6,052
Total Cost or Valuation	**175,729**	**43,281**	**12,241**	**25,751**	**2,758**	**2,652**	**125**	**616**	**263,153**

Fair values include impairments

Gains / Losses on Disposal of Non-Current Assets

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

13. Heritage assets

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

Tangible Heritage Assets (all reported at Valuation)	Civic Regalia Portraits & Medals	Paintings, Prints & Photographs	Lowestoft Porcelain	Total Heritage Assets
	£'000	£'000	£'000	£'000
1 April 2012	255	51	189	**495**
Additions	-	-	-	**-**
Revaluations	-	-	-	**-**
31 March 2013	255	51	189	**495**
Additions	-	-	-	**-**
Revaluations	-	-	-	**-**
31 March 2014	255	51	189	**495**

Further Information on the Council's Heritage Assets

Civic Regalia, Portraits and Medals

The Council owns a collection of mayoral items in respect of both the District Council and the former Lowestoft Borough Council. In addition there are a number of medals and portraits with local interest, including a Victoria Cross. Where material, these assets are included in the Council's accounts and reported in the Balance Sheet at insurance valuation, based on estimated market values. These valuations are reviewed at appropriate intervals to ensure their carrying value remains current. The Council maintains an inventory list which includes the location, description and value of a number of articles. The list was reviewed during 2013/14 and will be revalued in accordance with Council Policy.

Paintings, Prints and Photographs

The Council owns a number of paintings, prints and photographs of local interest. Where material these items are reported in the Balance Sheet at insurance value. Valuations are reviewed at appropriate intervals to ensure the carrying value remains current. The Council maintains an inventory list which includes the location, description and value of a number of articles. The list was reviewed during 2013/14 and will be revalued in accordance with the Council Policy.

Lowestoft Porcelain

The Council owns a collection of pieces of Lowestoft Porcelain, which is held for its connection to local history and heritage. These items are reported in the Balance Sheet at insurance valuation, based on market values, with valuations updated at appropriate intervals to ensure their carrying value remains current. The Council maintains an inventory list of Porcelain which is currently on loan to the Council and items which are owned by the Council. The inventory includes the description, object number and a valuation amount for those that are owned by the Council. The list was reviewed during 2013/14 and will be revalued in accordance with the Council Policy.

Summary of Heritage Asset transactions

There has been no additions to the Heritage Assets during 2013/14.

14. Investment properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2013/14 £'000	2012/13 £'000
Rental income from investment properties	262	-
Direct operating expenses arising from investment properties	-	-
Net gain/loss	262	-

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

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

	2013/14 £'000	2012/13 £'000
Balance at 1 April	-	-
Additions:		
- Purchases	3,957	-
Balance at 31 March	3,957	-

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 lives assigned to the major software suites used by the Council are:

Asset Lives	Purchased Software Licences
2 to 7 years	IT Operating System
7 years	Integrated Housing ITC System, Financial Information System, Website Infrastructure

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

	2013/14		2012/13	
	Other Assets £'000	Total £'000	Other Assets £'000	Total £'000
Balance at start of year:				
• Gross carrying amount	**1,718**	**1,718**	1,718	1,718
• Accumulated amortisation	**(1,474)**	**(1,474)**	(1,345)	(1,345)
Net carrying amount at start of year	**244**	**244**	373	373
Additions:				
• Purchases	**136**	**136**	66	66
Other disposals				
• Gross carrying amount	**(846)**	**(846)**	(66)	(66)
• Accumulated amortisation	**815**	**815**		
Revaluations increases or decreases		**-**	-	-
Amortisation for the period	**(107)**	**(107)**	(129)	(129)
Net carrying amount at end of year	**242**	**242**	244	244
Comprising				
• Gross carrying amount	**1,008**	**1,008**	1,718	1,718
• Accumulated amortisation	**(766)**	**(766)**	(1,474)	(1,474)
	242	**242**	244	244

There were no changes to accounting estimates in respect of useful lives, residual values 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.

There are 3 items of capitalised software that are individually material to the financial statements:

	Carrying Amount 31 March 2014 £'000	Carrying Amount 31 March 2013 £'000	Remaining Amortisation Period
LAMP Project Software	**-**	46	**1 to 3 Years**
Integrated Housing ITC System	**71**	95	**1 to 6 Years**
Financial Information System	**24**	35	**1 to 7 Years**
Website Infrastructure	**25**	32	**1 to 7 Years**
IT Operating System	**20**	29	**1 to 7 Years**

There are no contractual commitments for the acquisition of intangible assets as at 31st March 2014.

16. Financial instruments

Categories of Financial Instruments

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

	Long-term 31 March 2014 £'000	Long-term 31 March 2013 £'000	Current 31 March 2014 £'000	Current 31 March 2013 £'000
Investments				
Loans and receivables	**10**	10	**14,365**	7,009
Total investments	**10**	10	**14,365**	7,009
Debtors				
Loans and receivables	**95**	137	**4,025**	4,052
Total debtors	**95**	137	**4,025**	4,052
Borrowings				
Financial liabilities at amortised cost	**(84,296)**	(84,297)	**(9,000)**	(5,000)
Financial liabilities at fair value through profit and loss	**-**	-	**-**	-
Total borrowings (see Note 44 for furt	**(84,296)**	(84,297)	**(9,000)**	(5,000)
Creditors				
Financial liabilities at amortised cost	**(7,691)**	**(8,385)**	**(3,043)**	(1,432)
Total creditors	**(7,691)**	(8,385)	**(3,043)**	(1,432)
Total Financial Instruments	**(91,882)**	(92,535)	**6,347**	4,629

Income, Expense, Gains and Losses

	2013/14 Financial Liabilities measured at amortised cost	2013/14 Financial Assets - Loans and receivables	2013/14 Total	2012/13 Financial Liabilities measured at amortised cost	2012/13 Financial Assets - Loans and receivables	2012/13 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest expense	**2,484**	**-**	**2,484**	2,511	-	2,511
Impairment losses	**-**	**-**	**-**	-	-	-
Total expense in Surplus or Deficit on the Provision of Services	**2,484**	**-**	**2,484**	2,511	-	2,511
Interest income	**-**	**(96)**	**(96)**	-	(129)	(129)
Total income in Surplus or Deficit on the Provision of Services	**-**	**(96)**	**(96)**	-	(129)	(129)
Net (gain) / loss for the year	**2,484**	**(96)**	**2,388**	2,511	(129)	2,382

Fair Values of Assets and Liabilities

The financial assets and liabilities disclosed above are carried at cost as this is a reasonable approximation of fair value for the types of financial instruments held by the Council (mainly trade debtors and creditors and cash investments). The exception is PWLB loans, where the fair values are provided below (additional information is provided in Note 44 to the Core Financial Statements).

The fair values calculated are as follows:

	31 March 2014 Carrying amount	31 March 2014 Fair value	31 March 2013 Carrying amount	31 March 2013 Fair value
	£'000	£'000	£'000	£'000
Financial liabilities at amortised cost	**(93,296)**	**(87,254)**	(89,297)	(92,512)

17. Inventories

	Trading Stocks 2013/14	Trading Stocks 2012/13	Other Minor 2013/14	Other Minor 2012/13	Total 2013/14	Total 2012/13
	£'000	£'000	£'000	£'000	£'000	£'000
Balance outstanding at start of year	115	93	11	29	**126**	**122**
Purchases	579	675	39	46	**618**	**721**
Recognised as an expense in the year	(605)	(653)	(42)	(64)	**(647)**	**(717)**
Balance outstanding at year-end	**89**	**115**	**8**	**11**	**97**	**126**

18. Debtors

	31 March 2014 £'000	31 March 2013 £'000
Central Government bodies	2,401	845
Other Local Authorities	1,600	1,590
NHS bodies		
Public corporations and trading funds		
Council Taxpayers	595	606
Other entities and individuals	5,241	5,066
Prepayments	53	156
Unsecured Loans (falling due after one year)	2	2
Total	**9,892**	**8,265**
less Bad Debt Impairment Provisions		
Council Taxpayers	(358)	(293)
Other service debtors	(2,651)	(2,133)
Total	**6,883**	**5,839**

19. Assets held for sale

	Current Assets	
	2013/14 £'000	2012/13 £'000
Balance outstanding at start of year	**1,193**	**784**
Assets newly classified as held for sale:		
Property, Plant and Equipment	607	1,005
Revaluation losses	(64)	(60)
Property, Plant and Equipment	(452)	(21)
Assets sold	(97)	(515)
Balance outstanding at year-end	**1,187**	**1,193**

20. Creditors

	31 March 2014 £'000	31 March 2013 £'000
Central Government bodies	681	1,352
Other Local Authorities	735	251
NHS bodies		
Public corporations and trading funds	8	-
Other entities and individuals	3,117	1,737
Receipts in Advance	420	521
Total	**4,961**	**3,861**

21. Provisions

	Outstanding Legal Cases £'000	MMI £'000	Business Rates Appeals £'000	Total £'000
Long Term Provisions				
Balance at 1 April 2013	**-**	44	**-**	**44**
Additional provisions made in 2013/14	-	-	450	**450**
Amounts used in 2013/14	-	-	-	**-**
Unused amounts reversed in 2013/14	-	-	-	**-**
Balance at 31 March 2014	**-**	**44**	**450**	**494**

Outstanding Legal Cases

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

Provisions

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

As part of the new Business Rates Retention scheme, the Council is now required to establish a provision for its share of the business rates appeals provision shown within the Collection Fund. The appeals provision presents those appeals that have been registered with the Valuation Office. The total appeals provision in the Collection Fund is £1.125m, of which the Council's share is 40% resulting in the additional provision of £450k shown above.

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

22. Grant income

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

	2013/14 £'000	2012/13 £'000
Credited to Taxation and Non Specific Grant Income		
Redistribution of non domestic rates	**-**	(8,029)
Non-ring fenced government grants	**(6,921)**	(304)
Capital grant and contributions	**(1,155)**	(2,614)
Total	**(8,076)**	**(10,947)**
Credited to Services		
Council Tax Benefits Subsidy	**-**	**(10,168)**
Housing Benefits Subsidy	**(40,641)**	**(39,296)**
Benefits Administration Grant	**(919)**	**(1,172)**
Business Support Scheme (Flooding)	**-**	**-**
Homelessness Grants	**-**	**(100)**
Disabled Facilities Grants	**(709)**	**(411)**
Pathfinder Grant	**(72)**	**-**
Flooding Business Support Scheme	**(392)**	**-**
Other Grants	**(174)**	**-**
Total	**(42,907)**	**(51,147)**

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

	31 March 2014 £'000	31 March 2013 £'000
Capital Grants Receipts in Advance (Short-Term)		
Other grants	661	323
s106 Contributions	314	100
DEFRA - Coastal Change Pathfinder Grant	444	660
Total	**1,419**	**1,083**
Capital Grants Receipts in Advance (Long-Term)		
Normanston Tennis Insurance	54	-
Gunton Community Park - Suffolk County Council	11	11
s106 Contributions	1,085	1,390
Total	**1,150**	**1,401**

23. Unusable Reserves

	31st March 2014 £'000	31st March 2013 £'000
Revaluation Reserve	(13,855)	(11,976)
Capital Adjustment Account	(128,403)	(114,040)
Financial Instruments Adjustment Account	1,000	1,035
Deferred Capital Receipts Reserve	(2)	(3)
Pensions Reserve	39,388	34,415
Collection Fund Adjustment Account	344	(2)
Total Unusable Reserves	(101,528)	(90,571)

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.

	31st March 2014	31st March 2013
	£'000	£'000
Balance at 1 April	**(11,976)**	**(12,264)**
Upward revaluation of assets	(3,369)	(3,469)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	921	2,934
Surplus or deficit on revaluation of non-current assets posted to the Comprehensive Income and Expenditure Statement	**(2,448)**	**(535)**
Difference between fair value depreciation and historical cost depreciation	390	325
Accumulated gains on assets sold or scrapped	175	498
Other Movement	4	-
Amount written off to the Capital Adjustment Account	**569**	**823**
Balance at 31 March	**(13,855)**	**(11,976)**

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.

	31st March 2014	31st March 2013
	£'000	£'000
Balance at 1 April	(114,040)	(116,954)
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	6,878	5,387
- Revaluation losses on Property, Plant and Equipment	(13,756)	5,845
- Amortisation of intangible assets	107	130
- Revenue expenditure funded from capital under statute	709	411
- 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	2,960	2,082
- Other Movements	(679)	-
Adjusting amounts written out of the Revaluation Reserve:		
- Disposals	(175)	(498)
- Amortisation	(390)	(325)
Capital financing applied in the year:		
- Use of Capital Receipts Reserve to finance new capital expenditure	-	(1,824)
- Application of grants to capital financing from the Capital Grants Unapplied Account	(1,072)	(2,399)
- Statutory provision for the financing of capital investment charged against the General Fund Balance	(1,098)	(1,187)
- Capital expenditure charged against the General Fund balance	(7,847)	(4,708)
Balance at 31 March	(128,403)	(114,040)

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

	2013/14	2012/13
	£'000	£'000
Balance at 1 April	1,035	1,064
Amount by which finance costs charged to the Comprehensive Income and expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(35)	(29)
Balance at 31 March	1,000	1,035

Deferred Capital Receipts Reserve

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

	2013/14	2012/13
	£'000	£'000
Balance at 1 April	(3)	(3)
Transfer to the Capital Receipts Reserve upon receipt of cash	1	-
Balance at 31 March	(2)	(3)

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.

	2013/14	2012/13
	£'000	£'000
Balance at 1 April	34,415	29,639
Actuarial gains or losses on pensions assets and liabilities	4,414	4,992
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	3,486	2,831
Employer's pensions contributions and direct payments to	(2,927)	(3,047)
Balance at 31 March	39,388	34,415

Collection Fund Adjustment Account

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

	2013/14	2012/13
	£'000	£'000
Balance at 1 April	(2)	(40)
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements.	346	38
Balance at 31 March	344	(2)

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

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

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

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

Service Income and Expenditure	2013/14									
	Community Health	Customers & Communities	Green Environment & Operational Partnerships	Housing	HRA	Leader	Leisure, Tourism & Economic Development	Planning	Resources	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(353)	(19)	(3,763)	(174)	(18,932)	(1)	(1,956)	(1,096)	(1,053)	**(27,347)**
Government grants	-	-	-	(43,728)	-	-	(393)	(72)	(28)	**(44,221)**
Total Income	**(353)**	**(19)**	**(3,763)**	**(43,902)**	**(18,932)**	**(1)**	**(2,349)**	**(1,168)**	**(1,081)**	**(71,568)**
Employee expenses	674	987	312	514	3,571	773	716	1,140	4,391	**13,078**
Other service expenses	976	264	6,570	42,580	3,112	52	2,896	732	924	**58,106**
Support services recharges	(663)	(946)	(66)	559	1,255	(742)	622	481	(609)	**(109)**
Total Expenditure	**987**	**305**	**6,816**	**43,653**	**7,938**	**83**	**4,234**	**2,353**	**4,706**	**71,075**
Net Expenditure	**634**	**286**	**3,053**	**(249)**	**(10,994)**	**82**	**1,885**	**1,185**	**3,625**	**(493)**

Service Income and Expenditure	2012/13									
	Community Health	Customers & Communities	Green Environment & Operational Partnerships	Housing	HRA	Leader	Leisure, Tourism & Economic Development	Planning	Resources	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(290)	(23)	(3,624)	(105)	(17,855)	(11)	(1,700)	(989)	(961)	**(25,558)**
Government grants	-	-	-	(41,847)	-	-	-	-	(10,673)	**(52,520)**
Total Income	**(290)**	**(23)**	**(3,624)**	**(41,952)**	**(17,855)**	**(11)**	**(1,700)**	**(989)**	**(11,634)**	**(78,078)**
Employee expenses	620	921	325	583	4,290	769	818	1,268	4,402	**13,996**
Other service expenses	800	248	6,192	41,200	2,826	60	2,820	608	11,388	**66,142**
Support services recharges	(485)	(809)	(159)	600	1,174	(837)	737	564	(851)	**(66)**
Total Expenditure	**935**	**360**	**6,358**	**42,383**	**8,290**	**(8)**	**4,375**	**2,440**	**14,939**	**80,072**
Net Expenditure	**645**	**337**	**2,734**	**431**	**(9,565)**	**(19)**	**2,675**	**1,451**	**3,305**	**1,994**

Between year variances are broadly due to:

- Green Environment & Operational Partnerships - income from additional lettings / rents. Reduced recycling credits income.
- Housing - variation at total income and expenditure level around benefits subsidy payments and under spends in Homefinder advances/Bed and Breakfast.
- HRA - Primarily due to reductions in repairs and maintenance and general supervision and management costs.
- Leisure, Tourism & Economic Development - primarily externally funded projects rolling over into 2014/15.
- Planning - Mainly Development Control income greater than anticipated, but also increased legal costs from planning applications and appeals.
- Resources - includes general savings and efficiencies across service areas reduced audit fees.

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

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

	2013/14	2012/13
	£'000	£'000
Net expenditure in the Service Analysis		
Net expenditure of services and support services not included in the Analysis	**(493)**	**1,994**
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	**8**	**10**
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	**(8,042)**	**10,182**
Cost of Services in Comprehensive Income and Expenditure Statement	**(8,527)**	**12,186**

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.

	Directorate Analysis	Services and Support Services not in Analysis	Amounts not reported to mgmt	Allocation of Recharges	2013/14 Cost of Services	Corporate Amounts	Authority Total	Group Accounting Items	Group Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(27,347)	-	-	-	**(27,347)**	-	**(27,347)**	-	(27,347)
Surplus or deficit on associates and joint ventures	-	-	-	-	**-**	-	**-**	(58)	(58)
Interest and investment income	-	-	-	-	**-**	(358)	**(358)**	-	(358)
Income from council tax	-	-	-	-	**-**	(5,578)	**(5,578)**	-	(5,578)
Government grants and contributions	(44,221)	-	-	-	**(44,221)**	(11,289)	**(55,510)**	-	(55,510)
Total Income	**(71,568)**	**-**	**-**	**-**	**(71,568)**	**(17,225)**	**(88,793)**	**(58)**	**(88,851)**
Employee expenses	13,078	-	-	-	**13,078**	-	**13,078**	-	13,078
Other services expenses	58,106	8	-	-	**58,114**	-	**58,114**	-	58,114
Support Service recharges	(109)	-	-	-	**(109)**	-	**(109)**	-	(109)
Depreciation, amortisation and impairment	-	-	(8,042)	-	**(8,042)**	-	**(8,042)**	-	(8,042)
Interest Payments	-	-	-	-	**-**	4,010	**4,010**	-	4,010
Precepts & Levies	-	-	-	-	**-**	563	**563**	-	563
Payments to Housing Capital Receipts	-	-	-	-	**-**	146	**146**	-	146
Gain or Loss on Disposal of Non-Curren	-	-	-	-	**-**	1,274	**1,274**	-	1,274
Total Expenditure	**71,075**	**8**	**(8,042)**	**-**	**63,041**	**5,993**	**69,034**	**-**	**69,034**
Surplus or deficit on the provision of services	**(493)**	**8**	**(8,042)**	**-**	**(8,527)**	**(11,232)**	**(19,759)**	**(58)**	**(19,817)**

	Directorate Analysis	Services and Support Services not in Analysis	Amounts not reported to mgmt	Allocation of Recharges	2012/13 Cost of Services	Corporate Amounts	Authority Total	Group Accounting Items	Group Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	(25,558)	-	-	-	**(25,558)**	**-**	**(25,558)**	-	**(25,558)**
Surplus or deficit on associates and joint ventures	-	-	-	-	**-**	**-**	**-**	(42)	**(42)**
Interest and investment income	-	-	-	-	**-**	(129)	**(129)**	-	**(129)**
Income from council tax	-	-	-	-	**-**	(6,458)	**(6,458)**	-	**(6,458)**
Government grants and contributions	(52,520)	-	-	-	**(52,520)**	(10,947)	**(63,467)**	-	**(63,467)**
Total Income	**(78,078)**	**-**	**-**	**-**	**(78,078)**	**(17,534)**	**(95,612)**	**(42)**	**(95,654)**
Employee expenses	13,996	-	-	-	**13,996**	-	**13,996**	-	**13,996**
Other services expenses	66,142	10	-	-	**66,152**	-	**66,152**	-	**66,152**
Support Service recharges	(66)	-	-	-	**(66)**	-	**(66)**	-	**(66)**
Depreciation, amortisation and impairme	-	-	10,182	-	**10,182**	-	**10,182**	-	**10,182**
Interest Payments	-	-	-	-	**-**	3,897	**3,897**	-	**3,897**
Precepts & Levies	-	-	-	-	**-**	545	**545**	-	**545**
Payments to Housing Capital Receipts	-	-	-	-	**-**	224	**224**	-	**224**
Gain or Loss on Disposal of Non-Curren	-	-	-	-	**-**	34	**34**	-	**34**
Total Expenditure	**80,072**	**10**	**10,182**	**-**	**90,264**	**4,700**	**94,964**	**-**	**94,964**
Surplus or deficit on the provision of services	**1,994**	**10**	**10,182**	**-**	**12,186**	**(12,834)**	**(648)**	**(42)**	**(690)**

25. Southwold Harbour Undertaking

The Council maintains a separate account within the Comprehensive Income and Expenditure Statement for the Southwold Harbour undertaking, in accordance with the Pier and Harbour Orders (Elgin and Lossiemouth and Southwold) Confirmation Act, 1933. A summary of the transactions on this account is detailed below:

Revenue Account	2013/14 £'000	2012/13 £'000
Income	(216)	(188)
Expenditure	116	101
(Surplus) / Deficit for the Year	(100)	(87)

Non-Current Assets	Public Conveniences 2013/14 £'000	Harbour 2013/14 £'000	Total 2013/14 £'000
Gross Book Value			
Balance 1 April 2013	170	3,796	3,966
Additions	-	275	275
Restatements	-	615	615
Balance 31 March 2014	170	4,686	4,856
Depreciation			
Balance 1 April 2013	24	70	94
Additions		90	90
Balance 31 March 2014	24	160	184
Net Book Value			
Balance 1 April 2013	146	3,726	3,872
Additions	-	185	185
Restatements	-	615	615
Balance 31 March 2014	146	4,526	4,672

26. Trading operations

Trading Accounts are only maintained either where the work is carried out by an internal trading organisation, or where a contract from another public body exists, and where these are not included as part of the relevant service costs in the Comprehensive Income and Expenditure Statement. Material surpluses or deficits are reapportioned only where failure to do so would result in a material mis-statement at the Division of Service level. The Council no longer maintains formal Trading Accounts following the ending of an arrangement to deliver a leisure facility on behalf of another public body in March 2008 and the transfer of vehicle maintenance services to Waveney Norse in July 2008.

The following trading activities are included as part of the relevant service costs within the Comprehensive Income and Expenditure Statement:

	2013/14 Expenditure £'000	2013/14 Income £'000	2012/13 Expenditure £'000	2012/13 Income £'000
Cultural, Environmental, Regulatory and Planning Services				
Industrial Estates	96	490	63	413
Markets	71	55	291	55
Caravan and Camping Sites	292	412	305	459
Sea Front Activities	26	332	299	368
Other Activities	-	3	7	2
Highways and Transport Services				
Yacht Stations	48	147	50	137
	533	1,439	1,015	1,434
Net (Surplus) / Deficit to General Fund		(906)		(419)
	533	533	1,015	1,015

27. Members' allowances

There are 48 elected members of the Council. The Council paid the following amounts to elected Members during the year.

	2013/14 £'000	2012/13 £'000
Basic, Attendance and Special Responsibility Allowances	**238**	239
Subsistence and Expenses	**15**	17
Total	**253**	**256**

28. External Audit costs

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

	2013/14 £'000	2012/13 £'000
Fees payable to the Ernst and Young LLP with regard to external audit services carried out by the appointed auditor for the year	78	71
Fees payable to the Ernst and Young LLP for the certification of grant claims and returns for the year	22	24
Total	**100**	**95**

29. Related parties

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

UK Government

Central Government exerts significant influence over the general operations of the Council through legislation and grant funding. Significant grants received from Government departments are set out in note 22 along with details of any amounts received but not yet recognised in the Comprehensive Income and Expenditure Statement due to outstanding conditions at the Balance Sheet date.

Suffolk Coastal 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 Suffolk Coastal DC is disclosed in the Explanatory Foreword and note 30 to the Core Financial Statements.

Suffolk County Council

Transactions included income and expenditure relating to:

Waste recycling credits - £1,632k

Other Expenditure - £648k

Members and Chief Officers

Members and Chief Officers of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2013/14 is shown in note 27. During 2013/14, the Council made payments totalling £501k to 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.

30. Officers' remuneration and exit packages

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

		Salary, Fees and Allowances £	Compensation for Loss of Office £	Total Excluding Pension Contributions £	Employer's Pension Contribution £	Total Including Pension Contributions £	Additional Council Pension Contributions £
Director of Resources	**2013/14**	**85,886**		**85,886**	**12,597**	**98,483**	
	2012/13	85,886	-	85,886	13,742	99,628	-
Assistant Chief Executive	**2013/14**	**82,236**		**82,236**	**12,061**	**94,297**	
	2012/13	82,236	-	82,236	13,158	95,394	-
Head of Transformation and Corporate Services	**2013/14**	**57,506**	**22,333**	**79,839**	**8,434**	**88,273**	
	2012/13	57,506	-	57,506	9,201	66,707	-
Head of Strategic Housing & Tenant Services	**2013/14**	**57,506**		**57,506**	**8,434**	**65,940**	
	2012/13	57,506	-	57,506	9,201	66,707	-
Head of Revenues and Benefits (Part Year)	**2013/14**	**27,981**		**27,981**	**4,601**	**32,582**	
	2012/13	57,506	-	57,506	9,201	66,707	-
Head of Commercial Partnerships and Strategic Commissioning	**2013/14**	**57,506**		**57,506**	**8,434**	**65,940**	
	2012/13	57,506	-	57,506	9,201	66,707	-

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

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

Remuneration band	2013/14		2012/13	
	Number of employees		Number of employees	
	Total	Left in Year	Total	Left in Year
£50,000 - £54,999	1		1	1
£55,000 - £59,999	2		5	1
£65,000 - £69,999			1	1
£75,000 - £79,999	1	1		
£80,000 - £84,999	1		1	
£85,000 - £89,999	1		1	
	6	1	9	3

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

With effect from 1 October 2010 the Council, in conjunction with its Preferred Partner, Suffolk Coastal District Council, appointed a new shared senior management team. This has since been extended to include majority of the staff as part of the shared services. The postholders continue to be employed by the authority 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 Suffolk Coastal District Council (SCDC) and their remuneration, in the format of the table above, is disclosed in that Council's Statement of Accounts. The Chief Executive is the Head of Paid Service and paid a nominal fee by the Council, although employed by Suffolk Coastal DC.

The notes above set out the Council's new Senior Management Team from 1 October 2010, and explains that a number are employees of Suffolk Coastal District Council (SCDC), (so are included in SCDC's Statement of Accounts, under the appropriate salary bandings). The note below sets out how this Council reimburses SCDC for its 50% share of the relevant employment costs, and the corresponding 50% reimbursement from SCDC to this Council's employment. In addition other transactions are disclosed in Note 29, Related Parties.

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

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 packages by cost band		Total cost of exit packages in each band	
	2013/14	2012/13	**2013/14**	2012/13	**2013/14**	2012/13	**2013/14**	2012/13
£							£	£
0 to 20,000	3	13	3	12	6	25	30,586	127,646
20,001 to 40,000	1	0	2	1	3	1	72,437	25,000
TOTAL	4	13	5	13	9	26	103,023	152,646

The total cost in the above table covers exit packages (also know as termination benefits) that have been agreed, accrued for and charged to the Council's Comprehensive Income and Expenditure Statement for the disclosed financial years. The figures exclude payments made for ill-health retirements, of which there were none, as they are not discretionary and do not therefore meet the definition of termination benefits under the CIPFA Code of Practice.

31. Capital expenditure and capital financing

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

	2013/14 £'000	2012/13 £'000
Opening Capital Financing Requirement	**97,345**	**96,067**
Capital investment		
Property, Plant and Equipment*	8,632	11,033
Investment Properties*	3,957	-
Intangible Assets*	136	42
Capital Prepayment	-	8
Revenue Expenditure Funded from Capital under Statute	709	411
Impairment of Long Term Debtor	(5)	(43)
Total Capital Investment	**13,429**	**11,451**
Sources of finance		
Capital receipts	-	1,824
Government grants and other contributions	1,072	2,399
Other Funds		
Sums set aside from revenue:		
Direct revenue contributions	7,847	4,708
Minimum Revenue Provision	1,098	1,188
Long Term Loans / Investments		-
Assets acquired under finance leases	-	54
Closing Capital Financing Requirement	**100,757**	**97,345**
Explanation of movements in year		
Increase in underlying need to borrowing (supported by government financial assistance)	**-**	-
Increase in underlying need to borrowing (unsupported by government financial assistance)	3,412	1,278
Increase/(decrease) in Capital Financing Requirement	**3,412**	1,278

* These figures match to the Additions lines in Notes 12, 14 and 15 detailing movements on the non-current assets.

Revenue Expenditure Funded from Capital under Statute

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

32. Leases

Disclosures as Lessee

Finance Leases

No assets under finance leases were acquired by the Council in the year. Assets acquired under finance leases in 2012/13 are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts below:

	31 March 2014 £'000	31 March 2013 £'000
Other Land and Buildings	9,567	1,589
Vehicle, Plant, Furniture and Equipment	-	-
	9,567	**1,589**

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

	31 March 2014 £'000	31 March 2013 £'000
Finance lease liabilities (net present value of minimum lease payments):		
current	190	-
non current	7,503	8,387
Finance costs payable in future years	6,707	10,495
Minimum lease payments	**14,400**	**18,882**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2014 £'000	31 March 2013 £'000	31 March 2014 £'000	31 March 2013 £'000
Not later than one year	720	54	189	-
Later than one year and not later than five years	2,880	3,096	900	-
Later than five years	10,800	15,732	6,603	8,387
	14,400	**18,882**	**7,692**	**8,387**

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 payable by the Council under finance leases for 2012/13 and 2013/14.

Operating Leases

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

	Other Land and Buildings	
	31 March 2014 £'000	31 March 2013 £'000
Not later than one year	13	25
Later than one year and not later than five years	54	59
Later than five years	239	254
	306	**338**

<u>Disclosures as Lessor</u>

Finance Leases

The Council leases out property under finance leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres; or
- for the provision of burial and housing services.

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

	31 March 2014 £'000	31 March 2013 £'000
Finance lease debtor (net present value of minimum lease payments):		
current	20	23
non current	63	99
Unearned finance income	23	44
Gross investment in the lease	**106**	**166**

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2014 £'000	31 March 2013 £'000	31 March 2014 £'000	31 March 2013 £'000
Not later than one year	**23**	30	**20**	30
Later than one year and not later than five years	**33**	62	**27**	62
Later than five years	**49**	71	**36**	74
	105	**163**	**83**	**166**

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 finance leases for 2013/14 and 2012/13.

Operating Leases

The Council leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities, tourism services, etc.; or
- for economic development purposes to provide suitable affordable accommodation for local businesses.

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

	31 March 2014 £'000	31 March 2013 £'000
Not later than one year	**562**	460
Later than one year and not later than five years	**2,200**	1,800
Later than five years	**21,489**	23,316
	24,251	**25,576**

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 2013/14 and 2012/13.

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

Movements in 2013/14:	Other Land and Buildings £'000	Community Assets £'000	Surplus £'000	Total Property, Plant and Equipment £'000
Cost or Valuation				
At 1 April 2013	6,461	266	1,510	**8,237**
Additions	235	-	-	**235**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	577	-	-	**577**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	12,621	-	-	**12,621**
Derecognition - Disposals	-	-	-	**-**
Derecognition - Other	-	-	-	**-**
Assets reclassified (to)/from Held for Sale	-	-	-	**-**
Other movements in Cost or Valuation	-	-	-	**-**
At 31 March 2014	19,894	266	1,510	**21,670**
Accumulated Depreciation and Impairment				
At 1 April 2013	130	-	-	**130**
Depreciation charge	564	-	-	**564**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(211)	-	-	**(211)**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(134)	-	-	**(134)**
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	**-**
Derecognition - Disposals	-	-	-	**-**
Derecognition - Other	-	-	-	**-**
Eliminated on reclassification to Assets Held for	-	-	-	**-**
Other movements in Depreciation and Impairment	-	-	-	**-**
At 31 March 2014	349	-	-	**349**
Net Book Value				
At 31 March 2014	19,545	266	1,510	**21,321**
At 31 March 2013	6,331	266	1,510	**8,107**

33. Impairment losses

During 2013/14, the Council has recognised the following impairment losses in the Comprehensive Income and Expenditure Statement:

Impairment Loss	Comprehensive Income and Expenditure	31 March 2014 £'000
Loss of value to Sea Defences through storm damage	General Fund	594
Reversal of Impairments through Revaluation	Housing Revenue Account	(16)
Reversal of Impairments through Revaluation	General Fund	(47)
		531

34. Pensions

Participation in the pension scheme

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

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

Transactions relating to post employment benefits

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

	Local Government Pension Scheme	
		Restated
Comprehensive Income and Expenditure Statement	2013/14 £'000	2012/13 £'000
Cost of Services:		
Current service cost	1,952	1,604
Past Service cost	8	13
Effect of Settlements		(172)
Financing and investment income and expenditure		
Net interest expense	1,526	1,386
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	3,486	2,831
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit comprising:		
Return on plan assets (excluding the amount included in the net interest expense	4,819	(7,423)
Actuarial gains and losses arising on changes in demographic assumptions	2,234	-
Actuarial gains and losses arising on changes in financial assumptions	2,987	12,638
Other	(5,626)	(223)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	4,414	4,992
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(3,486)	(2,831)
Actual amount charged against the General Fund Balance for pensions in the		
Employers' contributions payable to scheme	2,938	3,047

Pension Assets and Liabilities recognised in the Balance Sheet	Local Government Pension Scheme 2013/14 £'000	Local Government Pension Scheme Restated 2012/13 £'000
Present value of the defined benefit obligation	(126,774)	(123,744)
Fair value of plan assets	87,386	89,329
	(39,388)	(34,415)
Other movements in the liability (asset)	-	-
Net liability arising from defined benefit obligation	**(39,388)**	**(34,415)**

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

	Local Government Pension Scheme 2013/14 £'000	Local Government Pension Scheme Restated 2012/13 £'000
Opening balance 1 April	89,329	79,980
Interest Income	3,992	3,725
Effect of Settlements	-	(902)
Remeasurement gain/(loss):		
The return on plan assets, excluding the amount included in net interest expense	(4,819)	7,423
Other		
Employer contributions	2,938	3,047
Contributions by scheme participants	512	531
Benefits paid	(4,566)	(4,475)
Closing balance at 31 March	**87,386**	**89,329**

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

	Local Government Pension Scheme 2013/14 £'000	Local Government Pension Scheme Restated 2012/13 £'000
Opening balance 1 April	123,744	109,619
Current service cost	1,952	1,604
Effect of Settlements	-	(1,074)
Interest cost	5,518	5,111
Contributions by scheme participants	512	531
Remeasurement of the net defined benefit comprising:		
Actuarial gains and losses arising on changes in demographic assumptions	2,234	-
Actuarial gains and losses arising on changes in financial assumptions	2,987	12,638
Other	(5,615)	(223)
Past service costs	8	13
Benefits paid	(4,566)	(4,475)
Closing balance at 31 March	**126,774**	**123,744**

Local Government Pension Scheme assets comprised: (Active Markets unless otherwise stated)	Fair Value of Scheme Assets 2013/14 £'000	Restated 2012/13 £'000
Equity Instruments		
Consumer	7,587	7,433
Manufacturing	4,620	4,739
Energy and Utilities	3,435	3,781
Financial Institutions	5,167	4,944
Health and Care	3,267	3,029
Information Technology	1,769	1,771
Other	1,792	1,489
	27,637	27,186
Debt Securities		
Corporate (Investment Grade)	11,988	12,603
UK Government	1,730	1,861
Other	3,477	3,789
	17,195	18,253
Private Equity (Non-active Market)	3,016	3,685
Property		
UK (Non-active Market)	8,778	7,876
	8,778	7,876
Investment Funds & Unit Trusts:		
Equities	18,589	19,463
Hedge Funds	3,186	3,355
Infrastructure (Non-active Market)	1,401	836
Other (Non-active Market 1,508 (2012/13 313))	6,989	5,839
	30,165	29,493
Derivatives:		
Foreign exchange		1,861
	0	1,861
Cash and Cash Equivalents	595	975
Total Assets	87,386	89,329

Basis for estimating assets and liabilities

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

The significant assumptions used by the actuary have been:

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

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

Sensitivity Analysis

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

Change in assumptions at 31 March 2014	Approximate increase in Employers Liability	Approximate amount £'000
0.5% decrease in Real Discount Rate	9%	11,607
1 year increase in member life expectancy	3%	3,803
0.5% increase in the Salary Increase Rate	3%	3,220
0.5% increase in the Pension Increase Rate	7%	8,251

Impact on the Council's Cash Flows

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

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. The Council anticipates to pay £3.096 million in contributions to the scheme in 2014/15.

The weighted average duration of the defined benefit obligation for scheme members is 17.7 years, 2013/14 (17.7 years 2012/13).

35. Contingent liabilities

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

a) In September 1992, Municipal Mutual Insurance (MMI), the Council's insurers at the time, stopped accepting new business and with its policy holders set up a Scheme of Arrangement for the orderly run down of its affairs. MMI's future liabilities under its policies could not be fully quantified until all the claims (current and yet to be made) were settled. It was therefore agreed that MMI should settle claims as they were received, and if at some future date it should become insolvent, it could reclaim from its major policy holders in proportion to the value of claims settled on their behalf. Under this arrangement, at 31 March 2014 claims settled for this Council amounting to £566k (£394k in 2012/13) together with estimated outstanding claims of £59k (£332k in 2012/13). The Council's maximum liability will be the value of claims settled/outstanding less £50,000.

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

   The Board of Directors of MMI made the decision to trigger the Scheme of Arrangement on 13 November 2012, and control of the Company has passed to the Scheme Administrator (Ernst and Young LLP), who wrote to the Council on 2 April 2013 proposing an initial Levy of 15% of Established Scheme Liabilities. During 2013/14, the Council has paid the Levy Notice for £77,455 (based on 15% of Claims Payments of £566,368 less £50,000).

   In addition, the Scheme Administrator has modelled a number of projected outcomes for MMI, and has indicated that a Levy of up to 28% of claims may be required to achieve a projected solvent run-off. The Council set up a Provision in the 2012/13 Accounts for the balance up to 28% (£44k) split again equally between General Fund and HRA. In addition the Council set up Reserves in General Fund and HRA of £52k each, (the Balance up to £100k) in order to provide additional funds if further claims are submitted in the future.

b) With effect from 1 April 2011, the Council transferred the management and operation of its leisure operations to the newly formed Sentinel Leisure Trust. The facilities and equipment remain the property of the Council throughout the Partnership, with the Trust operating under a lease. In the event that the Trust default on the agreement, the Council would be responsible for the continuation of payments to a third party in respect of funding works carried out to leisure facilities. Disclosure on this matter has been restricted due to the commercially sensitive nature of the transaction.

c) Central Government regularly set fees for personal searches of the Local Land Charges Register and local authorities are required to follow these fee regulations. However, it later transpired that fee charging was incompatible with the Environmental Information Regulations 204, which came into force on the 1st of January 2005. The Government revoked the fee regulations in 2010. A group of property search companies claim that the charging of fees between 2005 and 2010 was unlawful and are requiring the fees paid to be refunded.

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

36. Contingent assets

As a result of the outcome of the settlement by HMRC, in March 2010, an amount of VAT was refunded totalling £574,239 plus simple interest of £552,282. The Council has an additional outstanding claim against HMRC for the reimbursement to be calculated as compound interest, rather than the simple interest already reimbursed. The outcome of these discussions with HMRC, with ongoing Court proceedings, and the potential of any additional interest payment from HMRC cannot presently be determined.

HMRC are also still reviewing other service areas on a national basis, and have previously asked for further information on records held for other Council services subject to a claim for refund of VAT. It is possible that there may be a further refund but it is not possible to identify any amounts at this stage.

37. Nature and extent of risks arising from financial instruments

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

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

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the finance team, under policies and practices approved by the Council in accordance with the annual Treasury Management and Investment Strategy.

Credit risk

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

Deposits are made with banks and financial institutions in conjunction with advice from the Council's Treasury Management advisors, and although Credit Ratings are used to minimise the risks, they are not the sole factor in determining where money is invested. Because of this prudent approach, the Council did not expose any public money to risks involving the Icelandic banking sector. The Council also has a policy of not lending more than £8m or £12m of its surplus balances as detailed in the Council's Treasury Management and Investment Strategy, thus limiting its exposure to failure of any financial institution. Changes to investment limits for specific counter-parties were amended in-year to reflect the assessed credit risk to the Council.

The main credit criteria in respect of financial assets held by the Council at 31 March 2014 are as detailed below:

Financial Asset Category	Criteria	Maximum Investment
Deposits with UK Banks	Short Term	£8m (£12m group)
	Long Term: A- Rated	
	Access to Government Credit Guarantee Scheme	
Deposits with Building Societies	Short Term	£5m
	Value of Assets: Top 5 Societies only	
Money Market Fund Deposits	AAA Rated	£5m
Deposits with Non-UK Banks	Short Term	£3m (max 15% of holdings)

When considering the potential impairment of financial assets, material debtors are reviewed with regard to their financial position, payment history and other factors. A provision for bad debts is set-aside where the risk is seen as sufficiently high to recognise in the accounts, or impaired directly to the Comprehensive Income and Expenditure Statement where circumstances suggest any material debt would be irrecoverable, for example in the case of a bankrupt debtor.

The historical experience of financial asset write offs for 2013/14 was £81k (2012/13 £75k) and the provision carried in the balance sheet as at 31 March 2014 was £228k against a total sundry debt of £869k (31 March 2013 - provision of £228k against total debt of £1.051m).

The Council does not generally allow credit for customers, such that £352k of the £869k balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

	£'000
Not Due (0 to 30 days)	517
One to three months	67
Three to six months	38
Six months to one year	43
More than one year	204
	869

Liquidity risk

As the Council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The risk strategy is that the profile of debt maturity should fall within the following parameters:

Maturity of Fixed Rate Debt:	Upper Limit	Lower Limit	Actual 31/03/14
	%	%	%
Under 12 months (see note below)	50%	0%	12%
12 months and within 24 months	50%	0%	0%
24 months and within 5 years	75%	0%	0%
5 years and within 10 years	75%	0%	4%
10 years and within 20 years	75%	0%	28%
20 years and above	100%	0%	56%

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

Market risk

Interest rate risk

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

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

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

The Council has a number of strategies for managing interest rate risk. The Council only undertakes borrowing in conjunction with the advice of specialist Treasury Management consultants. Borrowing is taken at rates and maturity periods considered favourable in the context of interest rate projections and the Council's underlying need to borrow. Investments are made with a range of counter-parties meeting the specified criteria, with a rolling programme of maturities. The Council aims to achieve maximum interest returns but only where commensurate with minimising liquidity and credit risks. The security of public money is paramount.

The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and has set Treasury Management Prudential Indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

As an indication of the degree of risk associated with interest rates, if average rates in 2013/14 had been 1% higher with all other variables held constant, the financial effect would have been:

	£'000
Increase in interest payable on variable rate borrowings	204
Increase in interest receivable on variable rate investments	(79)
Increase in government grant receivable for financing costs	
Impact on Surplus or Deficit on the Provision of Services	125
Share of overall impact debited to the HRA	60

The impact of a 1% fall in interest rates would be as above but with the movements being reversed. The decrease in interest payable on variable rate borrowing would be limited to £116k as the interest rate as at 31 March 2014 averaged just 0.57%.

Price risk and foreign exchange risk

The Council does not invest in equity shares and thus has no exposure to Price 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.

38. Interests in companies and other entities

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

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

Having considered the accounting requirements and the Council's involvement with all companies and organisations, Group Accounts have been prepared. These incorporate only the results of Waveney Norse Limited, an Associate of which the Council owns a 19.9% share.

Waveney Norse Limited

In 2008/09 the Council entered into an arrangement with Norse Commercial Services Limited (NCS) for the provision of a package of services including Refuse, Cleansing and Maintenance. A new company, Waveney Norse Ltd, was formed to deliver this service.

Group Accounts have been prepared as the Council has the 'power' to participate in operating decisions and because transactions between Waveney Norse and the Council are material. The Group Accounts incorporate the Council's share of the net assets and surplus of Waveney Norse 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 19.9% 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 Waveney Norse Limited;

b) Nature of the business - the principal activity of the Company is that of refuse, cleansing and maintenance services;

c) The immediate parent undertaking is Norse Commercial Services Limited;

d) The ultimate parent undertaking is Norse Group Limited;

e) The Company's ultimate controlling party is Norfolk County Council, by virtue of them owning 100% of the ordinary share;

f) The Council holds fully paid Ordinary Share capital of £2, with no special rights or constraints. It has a 19.9% share of the Company and also receives a 50-50 profit / loss share at year-end;

g) The Company's contribution to its pension scheme is treated as if they are contributions to a defined contribution scheme. The Company pays a set contribution over the life of the Agreement, with any increase or decrease in funding being met by the Council.

h) Payments made to Waveney Norse Limited in respect of refuse, cleansing and maintenance services are included within the Cost of Services in the Comprehensive Income and Expenditure Statement. Total payments to Waveney Norse Limited were £7.932m in 2013/14 (£7.878m in 2012/13) and included in the Accounting Statements as follows:

	2013/14	2012/13
	£'000	£'000
Cultural and Related Services	**1,473**	1,722
Environmental Services	**5,292**	5,068
Planning and Development Services	**105**	81
Highways, Roads and Transport	**458**	471
Housing Revenue Account	**604**	536
	7,932	7,878

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

	2014 Waveney Norse	**2014 Council Investment (19.9%)**	2013 Waveney Norse	2013 Council Investment (19.9%)
	£000	**£000**	£000	£000
Current Assets				
Stock	**55**	**11**	44	9
Debtors	**2,087**	**415**	1,865	371
Cash at Bank	**9**	**2**	9	2
Gross Assets	**2,151**	**428**	1,918	382
Creditors falling due within one year	**(1,271)**	**(253)**	(1,330)	(265)
Net Assets / Shareholder's Funds	**880**	**175**	588	117
Turnover	**9,728**	**1,936**	10,017	1,993
Profit on ordinary activity before taxation	**302**	**60**	282	56
Tax on profit on ordinary activity	**(9)**	**(2)**	(69)	(14)
Profit for the Financial Period	**293**	**58**	213	42
Tax components included in the above figures are as follows:	**£000**	**£000**	£000	£000
Debtors				
- Deferred Tax asset	**8**	**2**	8	2
Creditors falling due within one year				
- Corporation Tax	**-**	**-**	68	14
Tax on profit on ordinary activity				
- Current Tax	**(9)**	**(2)**	(65)	(13)
- Deferred Tax	**-**	**-**	(4)	(1)
	(9)	**(2)**	(69)	(14)

Other Partnerships

Sentinel Leisure Trust

With effect from 1 April 2011 the Council transferred the management and operation of its leisure operations to the newly formed Sentinel Leisure Trust. Seven volunteers were initially appointed as Trustees and Directors of the new Trust and were joined by two Council representatives on the Board. The Council have granted a 15 year partnership management agreement with Sentinel. The facilities and equipment remain the property of the Council throughout the Partnership, with the Trust operating under a lease.

Marina Theatre Trust

From December 2011 the Council transferred the management and operation of the Marina Theatre to the Marina Theatre Trust. The Trust currently has a Board that consists of six members of the public, one representative of The Friends of the Theatre and two places for the Council's nominated representatives.

The Council have granted a contract for the management of the Theatre to the Marina Theatre Trust for an initial period of 15 years, with the Council retaining the right to extend or terminate upon expiry of this term. Within the Partnership Agreement is the service fee set at £150k per year for the first five years, then to review subsequent service fees for each five year period. Equipment will be loaned to the Trust and title will remain with the Council.

39. Interest and investment income

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

	2013/14 £'000	2012/13 £'000
Banks	**83**	85
Building Societies	**-**	-
Interest on other loans/leases	**13**	44
	96	129
Less credited to Section 106 agreements and other interest repayments	**-**	-
	96	129

40. Long term investments

	31 March 2014 £'000	31 March 2013 £'000
Government stocks	3	3
Other Public Authorities	7	7
	10	10

41. Long term debtors

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

These are debtors due to the Council over a period in excess of one year:	31 March 2014 £'000	31 March 2013 £'000
Other Local Authorities	304	321
Loans to Third Parties	8	13
Finance Leases	85	121
Mortgagors:		
Housing Associations		-
Sale of Council Houses	2	2
Other Private Borrowers	**-**	-
	399	457

42. Long term creditors and Deferred capital receipts

	31 March 2014 £'000	31 March 2013 £'000
Deferred Capital Receipts		
Council House Mortgages	**2**	2
Long Term Creditors		
Discounts on Premature Repayment of Longer Term Borrowings	**-**	-
Finance Leases	7,693	8,387
	7,693	8,387

Deferred Capital Receipts are amounts due from the sale of Council Dwellings which will be received in instalments over an agreed period.

43. Charity accounts and trust funds

Charity Accounts

The Council acts as trustee for a number of leisure charities. Transactions and assets in respect of these charities forms part of the Council's accounts and is included in the financial statements. Details of these transactions and assets are shown below:

	Income £'000	Expenditure £'000	**Council's Contribution £'000 2013/14**	Council's Contribution £'000 2012/13
Halesworth Rifle Hall *Provision of a village hall for the benefit of the inhabitants of Halesworth and its immediate vicinity*	-	0.3	**0.3**	2.3
Halesworth Swimming Pool *Provision of a public swimming pool for the inhabitants of Halesworth and the immediate vicinity*	-	42.2	**42.2**	16.7
Nicholas Everitt Park *Provides an open space for people of the Lowestoft area*	0.5	48.8	**48.3**	36.6
Frank Thomas Arnold Bequest *Provision of facilities for recreation or other leisure time occupation for the inhabitants of the former Borough of Lowestoft*	2.0	-	**(2.0)**	(7.7)
	2.5	**91.3**	**88.8**	**47.9**

	Assets £'000	Liabilities £'000
Nicholas Everitt Park	428.5	-
Frank Thomas Arnold Bequest	17.8	-
	446.3	**-**

44. Longer term borrowings

		31 March 2014 £'000	31 March 2013 £'000
Analysis by Lender:			
	Public Works Loan Board	**84,296**	84,296
Analysis by Maturity:			
	Repayable within		
	2 years	**1**	1
	2 to 5 years	**2**	1
	5 to 10 years	**21,289**	21,289
	over 10 years	**63,004**	63,005
		84,296	84,296
Fair Value of PWLB Loans at the year-end		**87,254**	92,512

For 2013/14 £9 Million of Local Authority Borrowing is to be paid back within 1 year and therefore £9 Million is included within Short-Term Borrowings in the Balance Sheet (2012/13 £5m).

Self Financing the HRA from 1 April 2012

As part of the introduction of Self Financing of the HRA from 1 April 2012, the Council made a payment of £68.286 million to the Department of Communities and Local Government (DCLG) in order to "buy out" the Council's HRA from a negative Housing Subsidy position. In order to fund this repayment on 28 March 2012 the Council borrowed £68.286 million from the Public Works Loans Board over a range of different maturity dates, as set out below:

Loan Amount £ million	Loan Type	Number of Years	Interest Rate %
10.286	Variable	10	0.55
10.000	Fixed	15	3.01
10.000	Fixed	20	3.30
10.000	Fixed	24	3.42
10.000	Fixed	27	3.47
10.000	Fixed	29	3.49
8.000	Fixed	30	3.50
68.286			

HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

	HRA Note	2013/14 £'000	2012/13 £'000
Income			
Gross rental income:			
- Dwelling rents	1	**(17,808)**	**(16,610)**
- Non-dwelling rents		**(216)**	**(201)**
Charges for services and facilities	1	**(906)**	**(845)**
Total income		**(18,930)**	**(17,656)**
Expenditure			
Repairs, maintenance and management:			
- Repairs and maintenance	2	**3,478**	**3,095**
- Supervision and management		**3,814**	**3,676**
- Redundancy and associated pension costs	13	**34**	**130**
Rents, rates and other charges		**62**	**30**
Movement in the allowance for bad debts	1	**109**	**533**
Depreciation of HRA non-current assets:			
- Dwellings	11	**2,660**	**2,616**
- Other assets	11	**471**	**476**
Revaluation & impairment of HRA non-current assets	14	**(844)**	**(442)**
Debt management costs	5	**19**	**20**
Total expenditure		**9,803**	**10,134**
Net expenditure or (income) of HRA services as included in the whole authority CIES		**(9,127)**	**(7,522)**
- HRA share of Corporate and Democratic Core		**62**	**79**
Net expenditure of HRA services		**(9,065)**	**(7,443)**
HRA share of the operating income and expenditure included in the whole authority CIES:			
- Gain or loss on sale of HRA non-current assets	12	**(178)**	**(372)**
- Interest payable and similar charges	5	**2,266**	**2,317**
- Pensions cost contribution	8	**556**	**545**
- HRA interest and similar income	5	**(60)**	**(72)**
(Surplus) or deficit for the year on HRA services		**(6,481)**	**(5,025)**

HOUSING REVENUE ACCOUNT

		2013/14 £'000		2012/13 £'000
Movement on the HRA Statement				
HRA balance brought forward		(2,111)		(4,821)
(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	(6,481)		(5,025)	
Adjustments between accounting basis and funding basis under regulations (Note 7 to the Core Statements)	5,657		4,477	
Net (increase) or decrease before transfers to or from reserves	(824)		(548)	
Transfers (from) or to HRA Earmarked Reserves (Note 8 to the Core Statements)	550		3,258	
(Increase) or decrease in year on the HRA		(274)		2,710
Balance on the HRA at the end of the year		(2,385)		(2,111)

1. Dwelling rents and charges for services and facilities

The account shows the rent and charges for services and facilities due in the year after allowing for voids and other losses in collection. 2013/14 is a 53 week rent year. Charges for Services and Facilities relate to heating, warden and other communal services provided to residents in sheltered accommodation. They also include charges to tenants for central heating servicing.

	2013/14	2012/13
Average dwelling rent per week (£)	74.06	70.32
Arrears at 31 March (£'000)	558	551
Arrears at 31 March as % of the gross income collectable	3.0%	3.1%
Provision for bad debts at 31 March (£'000)	1,136	1,027

2. Housing repairs and maintenance

Expenditure on repairs and maintenance can be seen on the face of the HRA Income & Expenditure Account and for 2013/14 this amounted to £3,478k compared to the Original Budget of £3,480k (£3,095k in 2012/13).

3. Major repairs reserve

	31 March 2014 £'000	31 March 2013 £'000
The movement on the Major Repairs Reserve (MRR) for the financial year is analysed below;		
MRR opening balance	3,092	-
Amounts transferred to the MRR during the year	3,131	3,092
Amounts transferred from the MRR during the year		-
Debits to the MRR during the year in respect of HRA capital expenditure	-	-
Debits to the MRR during the year in respect of repayment of the principal of an	-	-
Debits to the MRR during the year in meeting any liability in respect of credit an	-	-
MRR closing balance	**6,223**	**3,092**

Under Self-Financing accumulated depreciation is transferred into the MRR where is it ring-fenced to be used to repay the principal elements of HRA debt as well as to finance new capital expenditure. Movements and balances on the MRR are also detailed in the Movement in Reserves Statement and Note 7 to the Core Statements.

4. Capital receipts – disposal of council dwellings

	2013/14	2012/13
Capital receipts from sales of council houses can be summarised as follows:		
- Number of disposals	12	12
- Value of disposals (£'000)	823	1,313

5. Capital related charges

	2013/14 £'000	2012/13 £'000
Depreciation charge	3,131	3,092
Debt management expenses	19	20
Interest payable	2,225	2,276
Premium charges for early repayment of debt	41	41
Transfer to Capital Financing Account via MRR	-	-
Interest income on notional cash balances	(35)	(45)
Discounts for early repayment of debt	(24)	(27)

6. Capital expenditure funded by the Housing Revenue Account

Capital expenditure which cannot be financed from other sources is funded by revenue contributions. The original budget provision made in 2013/14 for a direct revenue financing contribution was £5.240m and the actual amount was £5.168m. (2012/13 figures were budget of £5.468m and £3.444m actual).

7. Housing stock

	2013/14	2012/13
The stock of dwellings has changed as follows:		
Opening stock of dwellings	4,536	4,551
Add: new build/purchases/additions	17	2
Less: sales	(12)	(12)
Less: properties lost to conversion, disposal and deletion	(1)	(5)
Closing stock of dwellings	**4,540**	**4,536**
Analysis of closing stock numbers:		
Houses	2,119	2,118
Bungalows	1,147	1,142
Flats	1,274	1,276
	4,540	**4,536**

8. Housing Revenue Account contribution to Pension Reserve

The charge reflected in each of the services is based on the cost of retirement benefits earned by the employee. However the charge against housing rents is based on the cash payable in the year, so the real cost of retirement benefits is reversed out as an appropriation to the Pensions Reserve. See Note 34 to the Core Financial Statements for a fuller explanation.

9. Capital expenditure

	2013/14 £'000	2012/13 £'000
Dwellings	3,751	4,357
Dwelling acquisitions	1,259	94
Other Land and Buildings	2	45
Vehicles	135	70
IT infrastructure	31	67
	5,178	**4,633**
Financed by:		
Borrowing	-	-
Usable capital receipts	-	1,091
Revenue contributions	5,168	3,444
Grants and contributions	10	98
Other financing adjustments	-	-
	5,178	**4,633**

10. Non current assets

The Balance Sheet value of land, dwellings and other property within the HRA as at 1 April in the financial year and the closing Balance Sheet value as at 31 March is included within Note 12 to the Core Statements. The Balance Sheet values of HRA non-current assets are disclosed below:

	31 March 2014 £'000	31 March 2013 £'000
Council dwellings	175,729	173,293
Other land and buildings	2,284	2,314
Vehicles, plant, furniture and equipment	536	578
Infrastructure and community assets	-	-
Assets under construction	-	-
Surplus assets not held for sale	3	153
Investment properties	-	-
Assets held for sale	482	1
Total Balance Sheet value of HRA non-current assets (PPE)	**179,034**	**176,339**
Intangibles	72	95
Total Balance Sheet value of HRA non-current assets	**179,106**	**176,434**
Dwellings- Vacant Possession Value	450,586	444,334

11. Depreciation

The depreciation charge for the year for all of the HRA's non-current assets are disclosed as follows:

	2013/14	2012/13
	£'000	£'000
Council dwellings	2,660	2,616
Other land and buildings	279	293
Vehicles, plant, furniture and equipment	168	159
Infrastructure and community assets	-	-
Assets under construction	-	-
Surplus assets not held for sale	-	-
Investment properties	-	-
Assets held for sale	-	-
Total charge for depreciation within the HRA (PPE)	**3,107**	**3,068**
Intangibles	24	24
Total charge for depreciation within the HRA	**3,131**	**3,092**

12. Gain / loss on disposal of non current assets

Assets identified as surplus are required to be valued at Market Value, and for Housing "Right to Buy" disposals the applicable discounts are applied after revaluation. Both the capital receipt arising from the asset sale and the carrying value of the asset at the point of disposal are then 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 HRA tenants, and the impact is reversed out in the Movement in Reserves Statement to ensure there is no real impact on fund balances for the year.

13. Redundancy payments

Charged to the HRA Income and Expenditure Account are payments totalling £34,443 in respect of redundancy/ill health in 2013/14 for five housing staff, (2012/13 £130,377 for 16 staff).

14. Revaluation losses and impairment charges

The 2013/14 financial results include £844k credit (2012/13 £442k credit) for Revaluation Losses and Impairment of HRA Assets charged to the Comprehensive Income and Expenditure Statement. Of this figure £7,050k credit relates to the reversal of Revaluation Losses charged in previous years and £16k credit relates to the reversal of a physical impairment of an HRA dwelling. With the exception of £337k credit relating to Non-Dwelling HRA assets the amount credited to the HRA has been reversed out in the Movement in Reserves Statement and therefore does not affect the overall working balance of the HRA.

15. Housing Revenue Account Earmarked Reserves

The 2013/14 financial results include a transfer of £550k (2012/13 £3.258m) to the HRA Earmarked Reserves. See Note 8 to the Core Statement for further details on the HRA Earmarked Reserves.

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

	Notes	2013/14		2012/13	
		Business rates	Council tax	Business rates	Council tax
		£'000	£'000	£'000	£'000
Income					
Income from council tax	1	-	(50,917)	-	(48,789)
Transfer from General Fund - council tax benefits		-	108	-	(10,097)
Transitional relief		-	-	-	-
Income from business rates	2	(27,569)	-	(25,247)	
Transitional protection payments		-	-	(107)	-
		(27,569)	**(50,809)**	**(25,354)**	**(58,886)**
Expenditure					
Precepts, demands and shares:					
- Central Government		13,182	-	25,157	-
- Suffolk County Council		2,637	38,438	-	45,234
- Office of the Suffolk Police and Crime Commissioner		-	5,690	-	6,696
- Waveney District Council		10,546	5,585	-	6,453
Transitional protection payments		176	-	-	-
Charges to Collection Fund					
- Write offs of uncollectable amounts		243	109	(481)	(34)
- Increase / (decrease) in bad debt provision		305	1,045	475	495
- Increase / (decrease) in provision for appeals		1,125	-	-	-
- Cost of collection allowance		204	-	203	-
Apportionment of previous years surplus / (deficit)					
- Central Government		-	-	-	-
- Suffolk County Council		-	-	-	300
- Office of the Suffolk Police and Crime Commissioner		-	-	-	43
- Waveney District Council		-	-	-	43
		28,418	**50,867**	**25,354**	**59,230**
(Surplus) / deficit for year	3	**849**	**58**	**-**	**344**
Balance brought forward - (surplus) / deficit		-	(16)	-	(360)
Balance carry forward - (surplus) / deficit		**849**	**42**	**-**	**(16)**

1. Income from council tax

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

	2013/14	2012/13
	£	£
The average Band D Council Tax set was:	**1,456.97**	1,454.01
The Council estimated its Tax Base for 2013/14 as follows:	Chargeable dwellings	Band D Equivalents
Valuation Band		
A	15,671	10,442
B	13,553	10,541
C	9,378	8,336
D	5,799	5,799
E	2,741	3,351
F	914	1,321
G	519	866
H	31	61
	48,606	40,715
Add: council tax technical reforms		713
Less: local council tax reduction scheme		(6,522)
provision for bad and doubtful debts (2.25%)		(785)
Tax Base 2013/14 (Band D equivalents)		34,121

2. Business rates

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

	2013/14	2012/13
The rateable value at 31 March was	**£70.6m**	£70.3m
The multiplier was	**47.1p**	45.8p

3. Collection Fund balances

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

(Surplus) / Deficit relating to:	2013/14 £'000	2012/13 £'000
Council Tax		
Suffolk County Council	**45**	267
Office of the Police and Crime Commissioner for Suffolk	**7**	39
Waveney District Council	**6**	38
Total Council Tax	**58**	344
Business Rates		
Central Government	**424**	-
Suffolk County Council	**85**	-
Waveney District Council	**340**	-
Total Business Rates	**849**	-

Opinion on the Authority's financial statements

We have audited the financial statements of Waveney District Council for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Authority and Group Movement in Reserves Statement, the Authority and Group Comprehensive Income and Expenditure Statement, the Authority and Group Balance Sheet, the Authority and Group Cash Flow Statement and the related notes 1 to 44, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and the related notes 1 to 15, the Collection Fund Income and Expenditure Account and the related notes 1 to 3. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14.

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

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities set out on page 20, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Opinion on other matters

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

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

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

Respective responsibilities of the Authority and the auditor

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

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

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

Basis of conclusion

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

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

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

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

Conclusion

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

Certificate

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

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

26 September 2014

Accounting Period

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

Accruals

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

Business Rates

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

Capital Adjustment Account

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

Capital Charge

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

Capital Expenditure

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

Capital Receipts

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

Capital Receipts Reserve

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

Collection Fund

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

Community Assets

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

Community Charge

The system of local taxation prior to council tax.

Contingent Liabilities

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

Contingent Assets

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

Council Tax

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

Council Tax Benefit

See ‘Housing Benefits’

Creditors

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

Debt

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

Debtors

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

Deferred Capital Receipts

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

Depreciation

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

Direct Revenue Financing

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

Earmarked Reserves

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

Non-Current Assets

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

General Fund

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

Heritage Assets

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

Housing Advances

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

Housing Benefit

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

Housing Revenue Account (HRA)

The statutory account to which are charged the revenue costs of providing, maintaining and managing Council owned dwellings. These are financed by rents charged to tenants and subsidies received from the government. (See later paragraph on self-financing HRA).

Impairment

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

Infrastructure Assets

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

International Financial Reporting Standards

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

Leasing or Leases

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

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

Minimum Revenue Provision

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

Net Book Value

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

Non Domestic Rates (NDR)

See Business Rates

Out-turn

Actual income and expenditure for the financial year.

Post Balance Sheet Events

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

Precept

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

Property, Plant and Equipment

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

Public Works Loan Board

A Government agency which provides longer-term loans to local authorities at interest rates slightly higher than those at which the Government itself can borrow. Local authorities are able to borrow a proportion of their requirements to finance capital expenditure from this source.

Rateable Value

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

Rent Allowances / Rebates

See 'Housing Benefits'

Revaluation Reserve

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

Revenue Expenditure

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

Revenue Expenditure Funded from Capital under Statute (REFCuS)

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

Revenue Support Grant

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

Section 151 Officer

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

Self-Financing for the HRA

The self-financing HRA commenced on 1st April 2012 and is based on authorities "buying" themselves out of a negative housing subsidy position. This involves the Council no longer paying into housing subsidy and in return the Council's debt is adjusted upwards to an appropriate level. It is a once and for all settlement between central and local Government, after which all responsibility for maintaining social housing will rest with the Council.

Statement of Standard Accounting Practice (SSAP)

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

Trading Accounts

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

Usable Capital Receipts

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

UK GAAP

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

Valuation Loss

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

Value Added Tax (VAT)

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

Abbreviations used in the Accounts

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