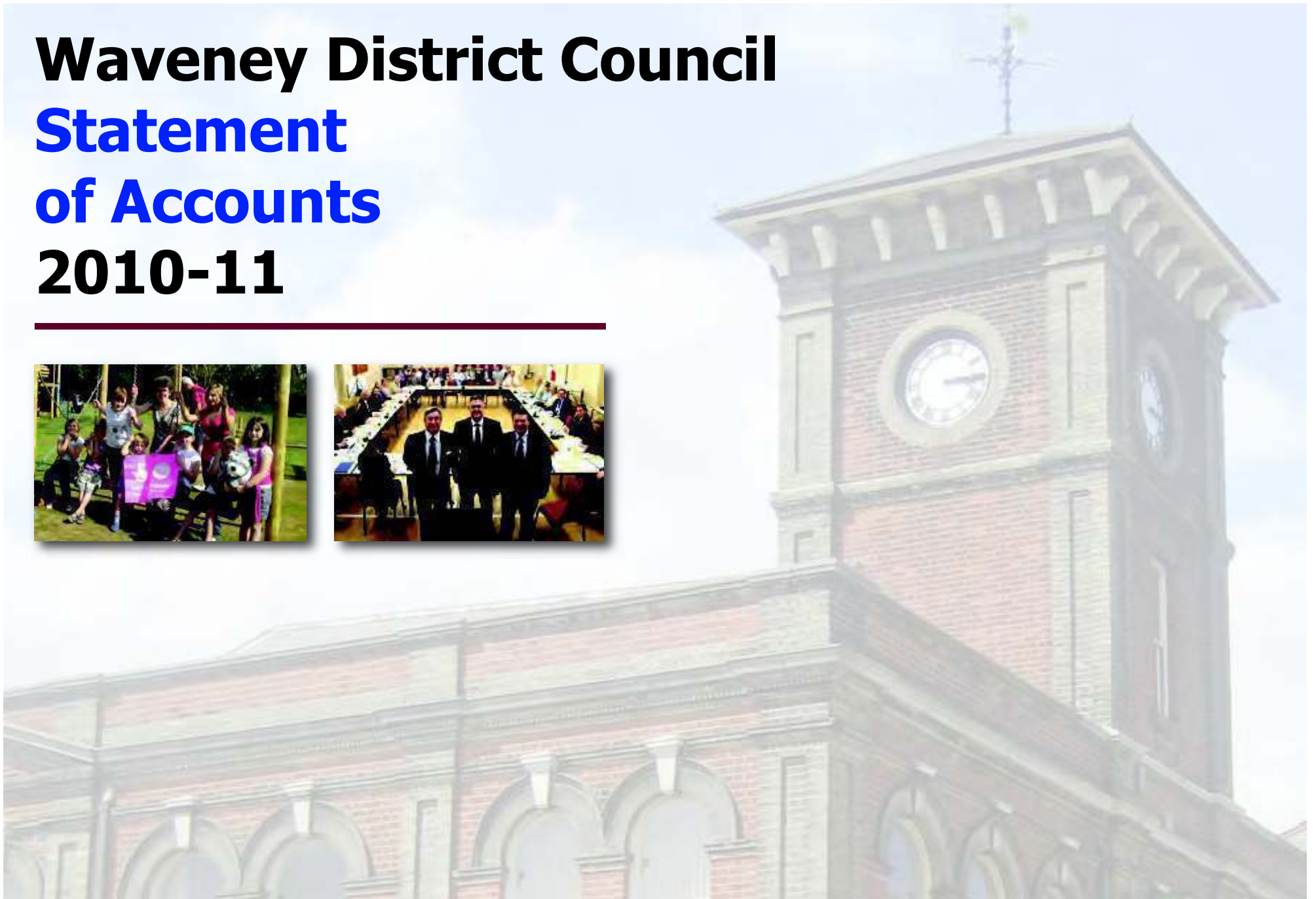


Waveney District Council Statement of Accounts 2010-11



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Explanatory Foreword by Director of Resources

1. Introduction

This foreword is not formally part of the Statement of Accounts but has been written to provide a better understanding of the significant matters reported in these accounts. The Council's accounts for the year ended 31 March 2011 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (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 is a new statement for 2010/11 (with corresponding balances shown for 2009/10) and shows the movement in the year on the different reserves held by the Council analysed in to "usable reserves" (i.e those that can be applied to fund expenditure or reduce local taxation) and other (unusable) reserves.
- **Comprehensive Income and Expenditure Statement** – a summary of the resources generated and consumed by the Council in the year in a format compliant with International Financial Reporting Standards (IFRS) and the Best Value Accounting Code of Practice (BVACOP).
- **Balance Sheet** – shows the Council's balances and reserves and long-term indebtedness at the financial year end, and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.
- **Cash Flow Statement** – shows the changes in cash and cash equivalents arising from transactions with third parties for revenue and capital purposes.

Supplementary Statements:

- **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 and Council Tax, and illustrates the way in which these have been distributed to Major Precepting bodies (Suffolk County Council and Suffolk Police Authority), and to the General Fund.
- **Statement of Responsibilities for the Statement of Accounts** - This outlines the responsibilities of the Council and the Director of Resources, with respect to the Statement of Accounts.
- **Group Accounts** - Following a review of the new 2010 Code it has been determined that, because of the implementation of IFRS, the Council must complete Group Accounts for the first time because its relationship with Waveney Norse meets the definition of an Associate. Further details are set out in Note 43 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.

Explanatory Foreword by Director of Resources

2. Changes to the Statement of Accounts

There have been major changes to the Statement of Accounts for 2010/11. These changes have been developed by the CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board.

The main changes, are summarised below:

- The Statement of Accounts for 2010/11 is the first to be prepared on an International Financial Reporting Standards (IFRS) basis, and there are specific transitional arrangements that apply only in 2010/11. IFRS 1 *First-time Adoption of International Financial Reporting Standards* is the IFRS that sets out these specific transitional arrangements, and the Code requires authorities to follow this standard, except where interpretations or adaptations to fit the public sector are detailed in the Code.
- Adoption of the IFRS-based Code has resulted in the restatement of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent approved and audited figures in the Statement of Accounts for 2009/10.
- Details of the main changes in the Statements in respect of the introduction of IFRS are shown in Note 44 to the Core Financial Statements (Prior Period Adjustments).
- The move to an IFRS-based Code from a UK GAAP-based SORP results in a number of significant changes in accounting practice. The key accounting changes include:
 - Grants and contributions for capital purposes will be recognised as income immediately rather than being deferred and released to revenue to match depreciation;
 - The main financial statements have changed, and there are additional requirements regarding segmental reporting;
 - There is a greater emphasis on component accounting, and a greater emphasis on derecognising parts of an asset that are replaced;
 - Property leases are classified and accounted for as separate leases of land and buildings. Local authorities have to assess whether other arrangements contain the substance of a lease;
 - Investment properties are measured at fair value, with gains and losses recognised in Surplus or Deficit rather than through the revaluation reserve;
 - Impairment losses will be taken initially to the revaluation reserve to the extent that there is a balance on that reserve relating to the specific asset;
 - The Code introduces a new classification of non-current assets held for sale. Specific criteria apply to this classification;
 - All employee benefits are accounted for as they are earned by the employee. This will require accruals for items such as holiday pay; and
 - The definition of associates is based on the ability to control rather than actual control, and may lead to a change in the group boundary.

Explanatory Foreword by Director of Resources

- **Impact of the Economic Climate.** This Explanatory Foreword provides information and explanation relevant to the Accounts. The 2010 Code requires authorities to comment on the impact of the current economic climate on the Council and the services it provides, as this will assist users in assessing, for example, the adequacy of reserves. Details of some of the main service areas affected are set out in Paragraph 13 later in this Explanatory Foreword.
- **Accounts and Audit (England) Regulations 2011.** The Accounts and Audit (England) Regulations 2011 came into force on 31 March 2011, and replaced the 2003 Regulations (as amended). The main changes to previous regulations are:
 - the Director of Resources now must, no later than 30th June immediately following the end of a financial year, sign and date the Statement of Accounts, and certify that it presents a true and fair view of the financial position of the council at the end of the financial year to which it relates and of the Council's income and expenditure for the year.
 - No later than 30th September in the year following the financial year to which the statement relates the Council must:
 - consider, (either by way of a committee, or by the members meeting as a whole), the Statement of Accounts;
 - following that consideration, approve the Statement of Accounts by a resolution of that committee or meeting;
 - following approval, ensure that the Statement of Accounts is signed and dated by the person presiding at the committee or meeting, at which that approval was given; and
 - publish (which must include publication on the Council's website), the Statement of Accounts together with any certificate, opinion, or report issued, given or made by the auditor under section 9 of the Audit Commission Act 1998.
 - the Director of Resources 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.

Previously the Statement of Accounts had to be signed and dated by the Director of Resources and approved by the Council or a committee no later than 30th June, prior to the audit of the accounts commencing, then further considered if there were material changes to the statement of accounts, by the end of September. The consideration by Council prior to audit is no longer required.

- **Other Issues and Amendments.** Further guidance has been issued on a number of technical areas through LAAP Bulletins, including LAAP Bulletin 88 dated April 2011.
 - Although the majority of the issues raised related to additional guidance and clarification of IFRS issues, most of the remaining issues were not directly relevant, or did not apply to the Council in the year, but consideration was given to their potential impact on the accounts.
 - However LAAP Bulletin 88 did give further advice on disclosures required for Heritage Assets. Appendix C to the 2011/12 Code confirms that the adoption of FRS 30 *Heritage Assets* in the 2011/12 Code will require disclosure in accordance with paragraph 3.3.4.3 of the Code in the 2010/11 financial statements of local authorities in the UK. Paragraph 3.3.4.3 of the 2010/11 Code states *"An authority shall disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not*

Explanatory Foreword by Director of Resources

yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e on or before 1 January 2011 for 2010/11)". Disclosure requirements are expected to be included in a subsequent edition of the Code". Further information is set out in Note 2 to the Core Financial Statements.

3. Accounting Policies

The Council's Accounting Policies are set out in Note 1 to the Core Financial Statements. The major changes to the Council's Accounting Policies since the previous Statement of Accounts was produced for 2009/10 are in respect of The Code 2010, and the majority relate to IFRS, (referred to earlier in this Foreword), and all major changes 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 2010/11 Accounts, issued by CIPFA.

4. General Fund outturn.

The following table shows how the Council's General Fund net expenditure, including precepts by parish councils and levies by other bodies, compares with the approved budget. The General Fund is the main revenue fund of the Council, financed through service income, government grants and the Council Tax.

	Original Budget £000	Out-turn £000	Variance £000
Net Expenditure	17,842	17,116	(726)
Income from Government and local Taxpayers	(18,142)	(18,136)	6
	<u>(300)</u>	<u>(1,020)</u>	<u>(720)</u>
Analysed as:			
Budgeted transfer to General Fund balance	(300)	(300)	0
Concessionary Fares reserve transferred to General Fund balance (approved by Council at Revised Estimate stage)	0	(215)	(215)
Change in General Fund balance (Original to Outturn)	0	(505)	(505)
	<u>(300)</u>	<u>(1,020)</u>	<u>(720)</u>

Income from Government and Local Taxpayers

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

	£000
Formula Grant	11,700
Transfer from Collection Fund regarding previous year's (deficit) / surplus	(0)
Amount met by Local Council Taxpayers (prior to SORP adjustments)	6,338
Area Based Grant	98
Total income from Government & Local Taxpayers	<u>18,136</u>

Explanatory Foreword by Director of Resources

The decrease in net expenditure of £720k between the original budget for 2010/11 and the out-turn is analysed in the table below:

	£000
<i>Savings from:</i>	
Capital accounting adjustments, use of new Reserve, and slippage on Capital Programme	(374)
Concessionary Fares-Closure of Reserve set up in 2009/10 for potential appeal	(215)
Concessionary Fares-Removal of 2010/11 budget set up for potential appeal-not needed	(215)
Removal of budget for increasing Provision for Single Status	(170)
Written off unidentified income from earlier financial years	(125)
Cancelled Provision from earlier financial year re potential costs from sale of assets	(100)
Additional income at Southwold Harbour from one-off back rent/earlier season opening	(92)
Budget carry forwards-to be spent in 2011/12	(85)
Coast Protection-phasing of Repairs and Maintenance	(79)
Economic Regeneration-lower subscription than budgeted for	(50)
<i>Offset additional costs/lower income from:</i>	
Lower Car Parking income than budgeted -lower tickets/reduced penalties & period tickets	306
Cessation of Planning Delivery Grant, budgeted for but cancelled in Emergency Budget	200
Higher than forecast deficit at Marina Theatre	145
Redundancy payments met from in-year savings and implementing restructuring plans	103
Increased Bad Debts Provision	31
Overall change in General Fund balance (Original Budget to Outturn)	<u>(720)</u>

Further detailed analysis of the gross expenditure and income on services together with interest payable and receivable is set out in the Comprehensive Income and Expenditure Statement. In addition, Note 22 to the Core Financial Statements provides an analysis of Government Grants received.

The out-turn results show an increase in the amount taken to the General Fund balance of £720k compared to the Original Budget set in February 2010.

Of the £720k some £85k has been approved to be carried forward to be spent in 2011/12, to allow a small number of projects to be completed.

The transfer of the £1.02m surplus to the General Fund results in a balance of £3.02m at 31 March 2011 (£2.0m 2009/10); (Notes 7, 23 and 24 to the Core Financial Statements show the impact on reserves). The budget report in February 2010 identified a target level for the General Fund balance of between £2m and £3m as a prudent balance to maintain in the long term, based on the risks contained within the budget. The General Fund balance of £3.02m is now at its target level.

Redundancy/ill-health payments

Included within the General Fund net expenditure above are payments to 16 staff (26 staff in 2009/10) who were made redundant during 2010/11, plus 1 ill-health retirement. The costs of £100,787 in 2010/11 (£948,951 in 2009/10, funded by capitalisation) have been charged to the General Fund Comprehensive Income and Expenditure Statement, and to the relevant service area where staff were employed. The payments are analysed below:

	£
Redundancy payments	79,383
Payments to Pension Fund	18,695
Ill-health-contribution to Pension Fund	<u>2,709</u>
Total payments	<u>100,787</u>

In addition, redundancy payments of £14,778 were made to a further three staff, plus a Pension Fund contribution of £157,310 for one ill-health retirement, and charged directly to the Housing Revenue

Explanatory Foreword by Director of Resources

Account (see paragraph 5 below for details). More detailed information is shown in Note 38 (Termination Benefits) to the Core Financial Statements.

Waveney Norse

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. A new company, Waveney Norse Limited (WNL), was incorporated on 23 May 2008 and began trading on 1 July 2008. The full years' trading figures for WNL in 2009/10 were for its Accounts up to 31 January 2010. The audited WNL Accounts for the year ended 30 January 2011 were received by the Council in August 2011.

Payments made to Waveney Norse in respect of the package of services are included above in Net Expenditure, and under the appropriate heading within the Cost of Services in the Comprehensive Income and Expenditure Statement.

As part of the implementation of IFRS it has been determined that the Council's financial relationship with Waveney Norse Limited is that of an Associate, and so Group Accounts must be completed within this Council's Accounts to take account of the Council's investment in the Company. Further information is set out in Note 43 to the Core Financial Statements (Interest in Companies) and in the Group Accounting Statements.

General Fund - Future Budget Plans

Set out below is the Budget approved in February 2011 for the next four years, together with a Revised Estimate for 2010/11. Since February the Council has identified a number of savings which will reduce the budget gap identified below. The Medium Term Financial Strategy will be updated again in July.

Budget Requirement

Overall the Council's budget requirement, the net cost of services to be met from Government formula grant and council taxes will be £15,008,300 in 2011/12. This represents a headline decrease of £2,572,600 or 14.6% over the budget for 2010/11 of £17,580,900. The budget by priority theme that the Council approved from 1 April 2011 is set out below:

Priority Theme	2010/11 Revised Budget £	2011/12 Original Budget £	2012/13 Forecast Budget £	2013/14 Forecast Budget £	2014/15 Forecast Budget £
Finance and Performance Management	5,035,600	4,407,300	4,406,800	4,730,500	4,936,800
Learning and Skills for the Future	108,000	110,700	113,500	116,300	119,200
Prosperous and Vibrant Economy	281,100	102,600	-140,900	-115,500	-99,100
The Greenest County	6,885,100	6,089,400	6,363,600	6,417,400	6,507,900
Safe, Healthy and Inclusive Communities	5,271,100	4,298,300	4,549,800	4,632,000	4,979,300
Budget Requirement	17,580,900	15,008,300	15,292,800	15,780,700	16,444,100
Financed by:					
Formula Grant	11,699,700	9,098,100	8,036,400	7,907,200	7,435,500
Collection Fund Deficit	0	0	0	0	0
Council Tax	5,881,200	5,910,200	5,910,200	6,058,000	6,209,500
Cumulative Budget Gap	0	0	1,346,200	1,815,500	2,799,100

Explanatory Foreword by Director of Resources

The reasons for the decrease in the 2011/12 Budget compared to 2010/11 are summarised below:

	£000
Budget Requirement 2010/11	17,581
Pay and Price Increases	184
Statutory Requirements	275
Service Developments	-1,339
Efficiencies and Savings	-1,489
Additional Income	-149
Movements in Reserves and other Financial Transactions	-55
Budget Requirement 2011/12	15,008

Since the budget was set in February 2011, the Council continues to monitor and update its Medium Term Financial Strategy (MTFS) and budget plans, taking account of continuing Coalition Government announcements on levels of spending and central government grants the Council may receive in the future. The Council has already identified a number of savings to offset the Budget Gap shown on the previous page.

5. Housing Revenue Account (HRA)

The following table shows how the outturn on the HRA compares with the approved 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	Out-turn £000	Variance £000
Expenditure	14,053	14,048	(5)
Income	(15,780)	(15,550)	230
HRA share of Corporate and Democratic Core	608	583	(25)
Interest and Gain/Loss adjustment	387	144	(243)
Net amount to be credited as required by Statute (exclude. impair)	728	785	57
Summary outturn position, before impairment.	(4)	10	14
Impairment on dwelling values (see Note 1 below)	0	46,151	46,151
Amount credited by statute re Impairment (see Note 1 below)	0	(46,151)	(46,151)
Taken from/ (Added to) reserves	(4)	10	14

Note 1.

Impairment does not have an impact on either the HRA bottom line or setting of rents. Impairment loss for the HRA is the amount by which the carrying amount of an dwelling exceeds its recoverable amount. At the end of each financial year an assessment must take place as to whether there is any indication that an asset may be impaired. Further information on the reasons for the £46.151m impairment included in the above table is set out overleaf.

Explanatory Foreword by Director of Resources

The deficit for the year was £14k more than the original budget. The main reasons for this are set out below:

	£000
<i>Additional costs from:</i>	
Redundancy/ill-health payments – met from in-year savings and implementing restructuring	172
Write-offs following extensive review of rent arrears	114
Increase in the bad debts provision following a prudent approach to the recoverability of rent arrears in the current economic climate	83
Installation of new solar and photovoltaic roof panels on communal areas	49
Other minor variances	7
<i>Offset by savings from:</i>	
Rescheduling of programmed Repairs & Maintenance and lower than anticipated responsive work required	(250)
Decrease in the Item 8 Debit due to a fall in the consolidated rate of interest	(51)
Net decrease in general cost of Policy & Management of HRA	(43)
Change in method of calculating Item 8 Credit from 2009/10	(34)
Decreased HRA contribution to Corporate and Democratic Core	(33)
Change from 2010/11 Original Budget to Outturn	14

After taking the deficit of £10k for the year into account, the HRA working balance is £4.003m at 31 March 2011 (31 March 2010 £4.013m).

The 2010/11 financial results include £46.151m relating to valuation losses and impairment of HRA assets in the year (£4.118m in 2009/10). In the main, it represents the downward change in the adjustment factor used in the HRA stock valuation (see below) and partly represents the impact of the fall in property prices affecting Council Houses as a result of the economic downturn, and enhancement works that do not add to the overall valuation of the council housing stock in the Balance Sheet. It is important to note, however, that this impairment is reversed out below the Cost of Services line within the HRA, and therefore does not affect the overall working balance of the HRA.

The Adjustment Factor is applied to the Total Vacant Possession valuation based on the beacon valuation, to identify the value for Existing Use Value-Social Housing. The adjustment factors for England have been revised to take account of the significant changes in the residential housing market over the last five years and will, in future, be reviewed annually. For Eastern England the adjustment factor has reduced from 46% to 39% and this has had the effect of reducing the HRA stock valuation by £31.704m, this valuation loss being recognised as an Exceptional Item in the Accounts. The impact of this change and the general fall in property prices has reduced the HRA stock valuation from £220.601m to £176.637m.

Redundancy/ill-health payments

Included within the net expenditure in 2010/11 are redundancy payments plus an ill-health Pension Fund contribution, to 3 HRA staff (7 in 2009/10) who were made redundant during 2010/11. The costs of £172,088 (£36,900 in 2009/10) have been charged to the HRA Income and Expenditure Account. More detailed information is shown in Note 38 (Termination Benefits) to the Core Financial Statements and Note 15 within the Notes to the Housing Revenue Account.

The payments are analysed below:

	£
Redundancy payments	14,778
Ill-health contribution to Pension Fund	157,310
Total paid-met from in-year savings	<u>172,088</u>

Explanatory Foreword by Director of Resources

Future HRA Budget Plans

Set out below is the Budget approved in January 2011 for the next four years, together with a Revised Estimate for 2010/11. The Council will continue to monitor its budgets to enable any potential future savings to be identified. The HRA budget will be updated again in the autumn of 2011.

Housing Revenue Account (HRA)	2010/11 Revised Budget £	2011/12 Original Budget £	2012/13 Forecast Budget £	2013/14 Forecast Budget £	2014/15 Forecast Budget £
Total Income	15,687,600	16,773,400	17,588,000	18,444,700	19,343,600
Less					
Total Expenditure	13,979,500	14,709,700	15,720,500	16,646,400	17,667,800
Net cost HRA Income & Expend. a/c	(1,708,100)	-2,063,700	-1,867,500	-1,798,300	-1,675,800
Share of Corporate and Democratic Core	634,000	606,000	611,000	611,000	611,000
Net cost of HRA Services	(1,074,100)	-1,457,700	-1,256,500	-1,187,300	-1,064,800
Interest payable and similar charges	426,800	426,800	426,800	426,800	426,800
Interest and Investment Income	(75,500)	(75,500)	(75,500)	(75,500)	(75,500)
Surplus for year on HRA services	(722,800)	(1,106,400)	(905,200)	(836,000)	(713,500)
Balance Summary					
Surplus for year-HRA Inc. & Ex a/c	(722,800)	(1,106,400)	(905,200)	(836,000)	(713,500)
Net additional amount required by Statute to be debited to the HRA	828,000	876,000	866,000	689,000	689,000
(Increase)/decrease in HRA Balance for year	105,200	(230,400)	(39,200)	(147,000)	(24,500)
HRA balance brought forward	(4,013,000)	(3,907,800)	(4,138,200)	(4,177,400)	(4,324,400)
HRA balance carried forward	(3,907,800)	(4,138,200)	(4,177,400)	(4,324,400)	(4,348,900)

The Council will review the above forecast budgets as part of updating its spending plans later in the year, when the outcome of Government recent consultation on proposed changes to the operation of the HRA (planned to be implemented from 2012/13) will be known. The extensive review of rent arrears referred to on the previous page will enhance the business position for the new operation of the HRA from 2012/13.

6. Collection Fund

The Collection Fund records the income from Council Tax and Non Domestic Rates and its distribution. Non-Domestic Rates are collected on behalf of the Government and are paid over, net of an allowance for costs of collection. Council Tax income finances the expenditure of Suffolk County Council, Suffolk Police Authority, Waveney District Council and its Parish and Town Councils.

As at 31 March 2011, the Collection Fund has a surplus of £282,000, (2009/10 surplus £115,000), reflecting an in-year surplus of £167,000. The in-year surplus is mainly due to a better than forecast Collection Fund balance at 31/03/11 offset by an overall increase in the Provision for Bad Debts in 2010/11. The £282,000 surplus is apportioned between Waveney District Council, Suffolk County Council and Suffolk Police Authority in proportion to their respective Council Tax precept demands in the year.

After taking into account the break-even position already calculated for 2010/11, Waveney's share of the surplus will be £31,277 which will be taken into account when setting 2012/13 Council Tax levels.

Explanatory Foreword by Director of Resources

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 2010/11 against the original budgeted programme approved in February 2010. (See Note 35 to the Core Financial Statements for further information).

	Original Budget £000	Revised Budget £000	Out- turn £000
Finance and Performance Management	515	833	272
Housing – Council Housing	4,354	4,373	4,225
Housing – Private Sector	668	865	583
Prosperous and Vibrant Economy	0	77	37
Safe, Healthy and Inclusive Communities	1,289	1,552	1,429
The Greenest County	3,617	2,596	1,149
Total Capital Expenditure	10,443	10,296	7,695

The out-turn was £2.748m below the Original Budget for 2010/11, (£17.932m below in 2009/10), as detailed in the table below:

<i>The following schemes were re-phased to 2011/12</i>	£000
Southwold Harbour-North Wall Replacement	(1954)
Waveney Norse vehicles and plant-savings/slippage to 2011/12	(231)
Coast Protection Minor Works	(200)
Asbestos, Legionella, DDA and works to corporate buildings	(197)
Gorleston to Lowestoft strategy study	(165)
Council Housing Works-Housing Revenue Account	(129)
Rebuild of retaining wall Puddingmoor-savings on project costs	(127)
CCTV digitalisation	(118)
Private Sector Housing works	(85)
Sports Facilities, Halesworth	(60)
Offset by:	
Free Swimming Grant/Water Lane refurb.-slippage from 2009/10	250
Rotterdam Road Depot.-slippage from 2009/10	195
Other minor variations (net)	73
Variation between Original Budget and Outturn 2010/11	(2,748)

The Capital Programme was financed as follows.

	Original Budget £000	Revised Budget £000	Out- turn £000
Unsupported Borrowing	4,281	2,349	901
Capital Receipts	0	285	349
Government Grants and Third Party Contributions	1,679	2,995	2,229
Major Repairs Reserve	3,704	3,839	3,388
Revenue / Revenue Reserves	779	828	828
	10,443	10,296	7,695

The most significant items of capital expenditure in the 2010/11 financial year related to the Free Swimming Grant/Refurbishment of Water Lane Leisure Centre (£1.293m) and the Waveney Norse vehicle replacement programme (£0.731m).

Explanatory Foreword by Director of Resources

There were no significant asset disposals in the year.

The statutory limit on the Council's borrowing for capital purposes at 31 March 2011 was £34.02m (£40.52m 2009/10). The Council undertook no new external borrowing during 2010/11, and the external borrowing as at 31 March 2011 was £31.011m (£31.011m 31 March 2010), with £10m due for repayment in 2011/12, and are therefore treated as short term borrowings in the Balance Sheet. See Note 50 to the Core Financial Statements for further information.

Capital expenditure plans for the next four years are detailed below:

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Capital Expenditure	10,750	8,213	7,981	5,319
<i>Financed by</i>				
Revenue Contributions	876	866	689	689
Capital Receipts	0	0	0	0
External Grants and Contributions	987	1,150	3,055	825
Major Repairs Allowance	4,115	3,050	3,082	2,730
Unsupported borrowing	4,772	3,147	1,155	1,075
	10,750	8,213	7,981	5,319

The most significant items in the Council's future capital programme as approved in January 2011, are the inclusion of £1.9m in 2011/12 for *Southwold Harbour-North Wall replacement, ongoing replacement of vehicles and plant* (£312k in 2011/12 and £1.251m in 2012/13), *Riverside Quay Heading Works* (£1.3m in 2011/12 and £1.316m in 2012/13), together with *housing schemes* totalling over £5.5m in 2011/12 and over £4.4m in 2012/13.

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, and the impact is reversed out by replacing the IAS19 figures with the actual cash payments made to the Pension Fund. The actual payments are included in the Movement in Reserves Statement and shown in Note 6 to the Core Financial Statements.

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 £20.429m in 2010/11 (2009/10 £54.619m), 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 39 to the Core Financial Statements.

The latest triennial actuarial valuation of the assets and liabilities of the Suffolk County Council Pension Fund was completed as at the 31 March 2010. A revised common rate of employer's contribution will commence on 1 April 2011, taking into account the net pension liability disclosed above.

Explanatory Foreword by Director of Resources

9. Reserves

Details of the movements in all reserves are shown in Notes 6, 7, 23 and 24 to the Core Financial Statements. Reviewing the Council's reserves will continue to be carried out as part of the consideration of the Medium Term Financial Strategy (MTFS) during 2011/12. As a result of implementing IFRS changes to Receipts in Advance have meant that the revised General Fund balance at 31 March 2010 has increased by £4k to £2.0m. The main reserves held at 31 March are set out below (with further information in Notes 7 and 23 to the Core Financial Statements):

	31 March 2011 £000	31 March 2010 £000
Usable Reserves		
<i>Held for revenue purposes</i>		
General Fund	3,020	2,000
Earmarked Reserves	1,607	789
Housing Revenue Account (HRA)	4,003	4,013
<i>Held for capital purposes</i>		
Capital Grants unapplied	119	309
Major Repairs Reserve (HRA)	1,629	2,053
Total-Usable Reserves	10,378	9,164
Unusable Reserves	188,188	201,861
	198,566	211,025

10. Single Status Job Evaluation

The Council has been working towards a collective arrangement for local implementation of the national Single Status agreement. This Single Status provision was set up to meet potential future costs of compensation and arrears obligations. A reduction in the Provision by £500,000 to £1,491,000 in 2010/11 (balance 31/03/10 £1.991m) was approved by Council as part of the budget setting process in February 2011. No further future year revenue commitments have been incorporated in staffing budgets because the existing Provision is estimated to be sufficient to cover any future claims. The Council continues to monitor the national position and its potential impact locally, and a further review will be carried out when the Medium Term Financial Strategy is updated as part of the next budget round (See Note 21 to the Core Financial Statements for more detailed information).

11. 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. In order to fully enable joint working partnership arrangements a Joint Partnership Board (JPB) has been established to enable a shared services programme to be jointly developed, evaluated and implemented. The inaugural meeting of the Board took place in February 2010. With effect from 1 October 2010 the shared joint management structure was implemented with new Directors and Heads of Service appointed to run services for both councils. Further details on the staffing costs and recharges between each council are disclosed in Note 32 to the Core Financial Statements.

One of the considerations, when assessing the best way of delivering a service or a project, is the possible benefits of entering into a partnership in order to achieve this optimum solution. The Council had a number of strategic service delivery partnerships, either through third parties, or joint arrangements with local authorities, in operation during the 2010/11 financial year. These are listed in the table that follows:

Explanatory Foreword by Director of Resources

Strategic Partner	Service Delivery
<u>Third Parties:</u>	
Norfolk County Council-Norse Commercial Services Limited (NCS).	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.
<u>Joint Arrangements:</u>	
Suffolk Coastal and Waveney District Council.	Senior Management (Chief Executive, 4 Directors and 9 Heads of Service were appointed to manage services jointly for both Councils with effect from 1 October 2010).
Suffolk County Council, St Edmundsbury Borough Council, Babergh, Forest Heath, Mid-Suffolk, Suffolk Coastal and Waveney District Council.	Emergency Services - Joint Emergency Planning Unit.
Suffolk County Council, St Edmundsbury and Ipswich Borough Councils, Babergh, Forest Heath, Mid-Suffolk and Waveney District Council.	Legal Services.
Suffolk Coastal and Waveney District Council, and Ipswich Borough Council Audit Partnership.	Internal Audit service.

In addition, with effect from 1 April 2011, the Council has agreed a 15 year partnership arrangement and that the newly formed Sentinel Leisure Trust will manage the authority's leisure and culture portfolio.

12. Overall Financial Position

When members approved the General Fund budget for 2010/11 in February 2010, the budget report identified a target level of General Fund reserves of between £2m and £3m as a prudent balance to maintain in the long term, (31 March 2010 £2.0m), based on the risks contained within the budget.

The Medium Term Financial Strategy approved in July 2010 included, as well as budgetary provision of £300k for 2010/11, further contributions of £100k per annum from 2012/13 onwards in order to increase the level of the General Fund balance towards the target level.

In addition the Council agreed to transfer £500k from the Provision for Single Status back to the General Fund balance at the meeting in February 2011 (further information is set out in paragraph 10 above, and in Note 21 to the Core Financial Statements. Also a review has been completed of the position with the remaining Provision relating to potential revenue costs for the sale of certain assets, (totalling £100k). This provision has been determined as no longer required and the £100k has also reverted to the General Fund balance (see also Note 21 to the Core Financial Statements for further information).

As referred to in Paragraph 11 above the Council has formally agreed a partnership with Suffolk Coastal District Council. Following the implementation of the new Senior Management Team from 1 October 2010, Heads of Service have now started to prepare for reviews of their areas of service with a view to integrating teams within the two councils going forward into 2011/12.

The General Fund outturn for 2010/11 was underspent by £1.02m which means that the overall General Fund balance at 31 March 2011 is £3.02m (31 March 2010 £2.0m). As part of the £1.02 m detailed in paragraph 4 above, a number of forecast savings at the year end had already been identified when the Council considered its Revised Budget in February 2011.

Explanatory Foreword by Director of Resources

These included the following:

- Removal of revenue provision/close Reserve for Concessionary Travel appeal; and £430k
- Removal of ongoing budget for Single Status. £170k

In addition further savings at the end of the financial year have resulted from reviewing the accounting treatment of certain previous year's balances. This included the following:

- Write off of unidentified income from earlier years; £125k
- Cancel Provision set up in previous years regarding costs of sale of assets. £100k

A further, more detailed analysis of the variance between the Original Estimate for 2010/11 and the outturn is set out in Paragraph 4 above

The Housing Revenue Account balance at 31 March 2011 was virtually unchanged at £4.003m (31 March 2010 £4,013m), (Paragraph 5 above).

As part of the Revised Budget process in February 2011, Council agreed to set up new reserves using savings (from budgets/balances no longer required for repayments to the Department of Work and Pensions for overpaid Housing Benefit Subsidy), for the following:

- Efficiencies Reserve;
 - Short Life Assets Reserve;
 - Housing Benefit Subsidy Reserve;
- plus in addition:
- A new Actuarial Adjustment Reserve, using £500k from the Single Status Provision (see paragraph 10 above).

The Council undertook no new borrowing or restructuring of its long term debt during the year, leaving the Council's outstanding long term borrowing unchanged at £31.011m. For presentation purposes, as £10m of this figure is due to be repaid to the Public Works Loans Board in less than one year (£5m September 2011 and £5m March 2012), it is shown in Short Term Borrowings within the Balance Sheet, and the balance shown in Longer Term Borrowings. See Note 50 to the Core Financial Statements for further information.

13. The impact of the National Economy.

Nationally the economy has been severely affected by the worldwide credit crunch. The Bank of England's bank rate fell from a peak of 5.25% in April 2008, finishing at 0.5% in March 2009, which is where it has remained, unchanged, throughout the financial year 2010/11. Reduced income returns from investments, the reduction in growth in the economy and the slump in the housing market has had an affect on this Council's services. Service delivery pressures have increased on:

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

Although the Council had higher cash deposits available to invest, returns on investment interest income have continued to be at very low levels due to the earlier reductions in interest rates, together with the investment market impact on rates, and more risk adverse investment decisions following the failure of the Icelandic Banks and the rescue of other banks during 2008/09.

Note 39 to the Core Financial Statements on Pensions sets out in detail the assets and liabilities attributed to this Council by the Actuary to the Suffolk County Council Pension Scheme. This Council's share of the Fund deficit has, at 31 March 2011, reduced to £20.429m compared to

Explanatory Foreword by Director of Resources

£54.619m a year earlier. This reduction can be attributed in part to the Government's decision last summer to change the annual public sector pension's inflation increase indicator from the Retail Price Index (RPI) to the generally lower indicator of the Consumer Prices Index (CPI), the resulting gain being recognised as an Exceptional Item in the Consolidated Income and Expenditure Statement. In addition Assets invested (equities, bonds, property and cash) and Liabilities for fund members (employees, deferred pensioners and pensioners) have reverted back to levels in 2006/07 when the Council's share of the Fund deficit was £17.3m).

A detailed review of the book valuations of the Council's Assets has been undertaken at the end of the financial year to assess the impact of the credit crunch on property values. Where the Council's external qualified valuers, NPS Property Consultants Ltd, have determined that the book value of any of the Council's Assets has fallen, this has been reflected in the Council's Accounts and the impact is shown under Impairment of Non-Current Assets. (See Note 37 to the Core Financial Statements for further details). The financial impact of Impairment and valuation losses in 2010/11 was £53.055 m (2009/10 £5.214 m).

14. Local Government Reorganisation

On 10 February 2010 the Minister for Local Government at the Department for Communities and Local Government announced her decision for the restructuring of local government in Devon, Norfolk and Suffolk. For Suffolk the Minister shared the Boundary Committee for England (BCE)'s assessment that the alternative proposals they had put forward for Suffolk met the 5 criteria- affordability, broad cross section of support, strategic leadership, neighbourhood empowerment and value for money and equity on services. However, it was equally clear to the Minister that neither of the unitary proposals that she considered met the criteria, was supported by all the principal councils in the County.

Accordingly, the Minister concluded not to take a statutory decision on the Suffolk proposals, and to invite all the Suffolk councils, with their Members of Parliament, consulting other stakeholders and through a county constitutional convention, to reach a consensus on a unitary solution for the area.

On 20 May 2010 the Coalition Government announced that all work on the restructuring of councils in Norfolk, Suffolk and Devon must cease with immediate effect.

15. Further Information

Further information on the Council's finances is available from the Director of Resources at Waveney District Council, Town Hall, High Street, Lowestoft, Suffolk, NR32 1HS (Telephone 01502 523664).

16. Translation Services

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

Information on the Waveney District Council website www.waveney.gov.uk can be translated into various languages.

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

Director of Resources,
Town Hall,
Lowestoft,
Suffolk,
NR32 1HS.

Or email: david.ellis@waveney.gov.uk

STATEMENT OF RESPONSIBILITIES

The Authority's Responsibilities

The Authority is required to:

- * make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. This role is known as the Chief Financial Officer. In this authority, that officer is the Director of Resources.
- * manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- * approve the Statement of Accounts.

Councillor P Collecott, Chairman, Waveney District Council - 28 September 2011

The Chief Financial Officer's Responsibilities

The Director of Resources is responsible for the preparation of the authority's Statement of Accounts, in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* ("the Code").

In preparing this Statement of Accounts, the Director of Resources has:

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

The Director of Resources has also:

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

Certificate by the Chief Financial Officer

I certify that this Statement of Accounts has been prepared in accordance with proper accounting practices and presents a true and fair view of the financial position of the Council at 31 March 2011 and its income and expenditure for the year ending on that date.

Alan McFarlane, Director of Resources - 28 September 2011

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and Housing Revenue Account for council tax setting and dwellings rent setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves lines shows the Statutory General Fund balance and Housing Revenue Account balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'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
Balance at 31 March 2009	8634	(1,096)	(4,380)	(2,973)	(900)	(383)	(1,098)	(231,224)	(232,322)
<u>Movement in reserves during 2009/10</u>									
(Surplus) or deficit on provision of services	(4,861)	-	3,044	-	-	-	(1,817)	-	(1,817)
Other Comprehensive Expenditure and Income	-	-	-	-	-	-	-	23,114	23,114
Total Comprehensive Expenditure and Income	(4,861)	-	3,044	-	-	-	(1,817)	23,114	21,297
Adjustments between accounting basis and funding basis under regulations (note 6)	(5,466)	-	(2,677)	920	900	74	(6,249)	6,249	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(10,327)	-	367	920	900	74	(8,066)	29,363	21,297
Transfer to/from Earmarked Reserves (note 7)	(307)	307	-	-	-	-	-	-	-
Increase/Decrease in 2009/10	(10,634)	307	367	920	900	74	(8,066)	29,363	21,297
Balance at 31 March 2010 carried forward	(2,000)	(789)	(4,013)	(2,053)	-	(309)	(9,164)	(201,861)	(211,025)
<u>Movement in reserves during 2010/11</u>									
Surplus or (deficit) on provision of services	(6,317)	-	45,408	-	-	-	39,091	-	39,091
Other Comprehensive Expenditure and Income	-	-	-	-	-	-	-	(26,632)	(26,632)
Total Comprehensive Expenditure and Income	(6,317)	-	45,408	-	-	-	39,091	(26,632)	12,459
Adjustments between accounting basis and funding basis under regulations (note 6)	4,479	-	(45,398)	424	-	190	(40,305)	40,305	-
Net Increase/Decrease before Transfers to Earmarked Reserves	(1,838)	-	10	424	-	190	(1,214)	13,673	12,459
Transfer to/from Earmarked Reserves (note 7)	818	(818)	-	-	-	-	-	-	-
Increase/Decrease in Year	(1,020)	(818)	10	424	-	190	(1,214)	13,673	12,459
Balance at 31 March 2011 carried forward	(3,020)	(1,607)	(4,003)	(1,629)	-	(119)	(10,378)	(188,188)	(198,566)

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.

	Gross Expenditure £'000	2010/11 Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	2009/10 Gross Income £'000	Net Expenditure £'000
Central Services to the Public	13,228	(10,896)	2,332	12,647	(10,519)	2,128
Cultural, Environmental, Regulatory and Planning Services	24,493	(7,373)	17,120	22,747	(9,958)	12,789
Highways and Transport Services	3,361	(2,956)	405	3,385	(3,050)	335
Housing Revenue Account (see note 8)	18,248	(15,550)	2,698	17,600	(15,439)	2,161
Other Housing Services (see note 8)	38,208	(38,317)	(109)	36,447	(35,916)	531
Social Services	280	(5)	275	93	(6)	87
Corporate and Democratic Core	2,578	(332)	2,246	3,901	(1,202)	2,699
Non-Distributed Costs (see note 8)	169	-	169	472	-	472
Exceptional Items (see note 8)	30,474	-	30,474	-	(9,421)	(9,421)
Cost of Services	131,039	(75,429)	55,610	97,292	(85,511)	11,781
Other Operating Expenditure (note 9)			699			839
Financing and Investment Income and Expenditure (note 10)			2,243			3,688
Surplus or Deficit of Discontinued Operations			-			-
Taxation and Non-Specific Grant Income (note 11)			(19,461)			(18,125)
(Surplus) or Deficit on Provision of Services (note 28)			39,091			(1,817)
Surplus or deficit on revaluation of non-current assets			(3,736)			(5,608)
Actuarial gains/losses on pension assets/liabilities (note 39)			(22,896)			28,722
Other Comprehensive Income and Expenditure			(26,632)			23,114
Total Comprehensive Income and Expenditure			12,459			21,297

BALANCE SHEET

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

	Note	31st March 2011 £'000	31st March 2010 £'000	1st April 2009 £'000
Property, Plant and Equipment	12	237,212	284,981	289,396
Intangible Assets	14	641	916	855
Long Term Investments	15 + 46	10	10	10
Long Term Debtors	15 + 47	622	676	823
Long Term Assets		238,485	286,583	291,084
Short Term Investments	15	14,102	9,074	19,561
Inventories	16	129	163	183
Short Term Debtors	17	6,153	12,011	7,916
Cash and Cash Equivalents	19	3,066	616	1,630
Current Assets held for sale	18	736	788	-
Current Assets		24,186	22,652	29,290
Cash and Cash Equivalents - Bank Overdraft	19	(1,296)	(332)	(129)
Short Term Borrowing	15 + 50	(10,009)	(9)	-
Short Term Creditors	20	(6,075)	(6,757)	(9,107)
Short Term Provisions	21	-	-	(200)
Short Term Capital Grants Receipts in Advance	22	(1,854)	(1,981)	(1,222)
Current Liabilities		(19,234)	(9,079)	(10,658)
Long Term Creditors	15 + 48	(694)	(694)	(1,873)
Long Term Provisions	21	(1,491)	(2,091)	(11,471)
Long Term Borrowing	15 + 50	(21,011)	(31,011)	(37,512)
Long Term Capital Grants Receipts in Advance	22	(1,246)	(716)	(386)
Other Long Term Liabilities - Pension Liability	39	(20,429)	(54,619)	(26,152)
Long Term Liabilities		(44,871)	(89,131)	(77,394)
Net Assets		198,566	211,025	232,322
Usable reserves	23	(10,378)	(9,164)	(1,098)
Unusable reserves	24	(188,188)	(201,861)	(231,224)
Total Reserves		(198,566)	(211,025)	(232,322)

CASH FLOW STATEMENT

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

	2010/11	2009/10
	£'000	£'000
Net (surplus) or deficit on the provision of services	39,091	(1,817)
Adjust net surplus or deficit on the provision of services for non cash movements (note 25)	(49,575)	4,071
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities (note 26)	754	915
Net cash flows from Operating Activities	(9,730)	3,169
Investing Activities (note 26)	9,807	(7,679)
Financing Activities (note 27)	(1,563)	5,727
Net increase or decrease in cash and cash equivalents	(1,486)	1,217
Cash and cash equivalents at the beginning of the reporting period	(284)	(1,501)
Cash and cash equivalents at the end of the reporting period (note 19)	(1,770)	(284)

STATEMENT OF ACCOUNTING POLICIES

1 Accounting Policies

A General Principles

The Statement of Accounts summarises the Council's transactions for the 2010/11 financial year and its position at the year-end of 31 March 2011. The Council is required to prepare an annual Statement of Accounts, by the Accounts and Audit (England) Regulations 2011, in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and the Best Value Accounting Code of Practice 2010/11, 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:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- 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.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress within inventories on the Balance Sheet.
- Where payments have been received in advance of obligations being performed, they have been recognised as a liability on the balance sheet.
- Interest payable on borrowings and receivable on investments is accounted for in the Comprehensive Income and Expenditure Statement on the basis of the effective interest rate for the relevant financial instrument, which may differ from the actual cash flows fixed or determined by the contract. Accrued interest is accounted for in the Balance Sheet as part of the carrying value of the financial instrument.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- In calculating the accrual for major grant claims including Housing Benefit and Council Tax Benefit Subsidy and Housing Rents, the sums receivable have been estimated using the latest information available from the Housing Benefit, Council Tax Benefit and Housing Rents systems.

STATEMENT OF ACCOUNTING POLICIES

C Cash and Cash Equivalents

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

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

D Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

E Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual prudent provision from revenue (calculated in accordance with Regulations and Statutory Guidance) to contribute towards the reduction in its overall borrowing requirement. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by a Minimum Revenue Provision (MRP) charge 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.

STATEMENT OF ACCOUNTING POLICIES

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 Waveney'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

Benefits Payable During Employment

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

Termination Benefits

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

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

Post Employment Benefits

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

STATEMENT OF ACCOUNTING POLICIES

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

- The liabilities of the Suffolk County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- The valuation requires the input of an actuary, who will work to the principles contained in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.
- 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
 - property - market value.
- The change in the net pensions liability is analysed into seven components:
 - Current Service Cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - Past Service Cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
 - Interest Cost - the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
 - Expected Return on Assets - the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return - credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
 - Gains/Losses on Settlements and Curtailments - the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
 - Actuarial Gains and Losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve
 - Contributions paid to the Pension Fund - cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense

STATEMENT OF ACCOUNTING POLICIES

Pensions impact on Council Tax and the HRA

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

Discretionary Benefits

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

G Events After the Balance Sheet Date

Events after the reporting period 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 Authorised for Issue date are not reflected in the Statement of Accounts.

H Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

STATEMENT OF ACCOUNTING POLICIES

I Financial Instruments - 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 (plus accrued interest) 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, directly relating to the remaining life of the original loan or the replacement loan. Discounts are written down over a maximum period of ten years. 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.

J Financial Instruments - Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

STATEMENT OF ACCOUNTING POLICIES

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 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/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

K Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until any conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future use of the asset being funded must be as stated, or the economic benefit or service potential of the asset must be returned to the transferor.

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

STATEMENT OF ACCOUNTING POLICIES

L 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 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 Authority 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 Accounts. For the purpose of disclosure, the materiality threshold for intangible assets has been set at a carrying value of £100,000.

M 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 (WNL) was incorporated on 23 May 2008, and began trading on 1 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 WNL. Profits and Losses are shared 50%/50% with NCS.

Following a review of the Group Accounting requirements of the 2010/11 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 WNL for 2010/11 has been determined as an Associate. In the Council's own single entity accounts, the interest in Waveney Norse is recorded as a financial asset at cost, less any provision for losses.

WNL has an accounting date of 30 January, and the Accounts for the period to 30 January 2011 were received by the Council in August 2011. Further detailed information regarding the agreement is set out in the Notes to the Core Financial Statements (Interests in Companies and Other Entities).

STATEMENT OF ACCOUNTING POLICIES

N Inventories

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

O Investment Properties

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

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

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

P Investments

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

Q Jointly Controlled Operations and Jointly Controlled Assets

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

STATEMENT OF ACCOUNTING POLICIES

R 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 authority 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 provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore replaced by a Minimum Revenue Provision (MRP) charge 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.

STATEMENT OF ACCOUNTING POLICIES

Operating Leases

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

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over an asset, the asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) 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 will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element of 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 fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

STATEMENT OF ACCOUNTING POLICIES

Operating Leases

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

S 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 *Best Value Accounting Code of Practice 2010/11* (BVACOP). The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

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

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

T 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.

STATEMENT OF ACCOUNTING POLICIES

Measurement

Assets are initially measured at cost, comprising:

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

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

The cost of any assets acquired other than by purchase (for example exchange for non-monetary asset) is deemed to be its fair value, unless the acquisition 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)
- all other assets - fair value, determined the amount that would be paid for the asset in its existing use (existing use value - EUV)

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a 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

STATEMENT OF ACCOUNTING POLICIES

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- Council Dwellings - Based on Major Repairs Allowance (equivalent useful life 50 years)
- Other buildings - straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant and equipment - straight line allocation over the useful life of the asset, as advised by a suitably qualified officer
- Infrastructure - straight-line allocation over 40 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 5 years for HRA Garages, to up to 60 years for new permanent buildings and some categories of infrastructure.

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

STATEMENT OF ACCOUNTING POLICIES

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 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 as to when an asset is surplus, the accounting treatment will apply from 1 April in that year. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised 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 not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

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

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

STATEMENT OF ACCOUNTING POLICIES

U Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

STATEMENT OF ACCOUNTING POLICIES

V Reserves

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

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

W 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 by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

X Collection Fund and Non-Domestic Rates

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

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

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

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

STATEMENT OF ACCOUNTING POLICIES

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

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

Y 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.

ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

2 Accounting Standards that have been issued but have not yet been adopted

Local Authorities are now required to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2011 for 2010/11).

For the 2011/12 Statement of Accounts, the CIPFA Code will include the adoption of FRS 30 for Heritage Assets. The requirements will be as follows:

An authority shall, where material, disclose the following items in the 2010/11 financial statements (to the extent that the information is known or reasonably estimable):

- a) narrative, related to the authority's specific circumstances, explaining that heritage assets are to be recognised as a separate class of assets for the first time in the 2011/12 financial statements, in accordance with FRS 30;
- b) the carrying amount of assets expected to be reclassified as heritage assets, and their classification in the 2010/11 financial statements;
- c) the expected amount of any revaluation gains and losses to be recognised on reclassification; and
- d) the expected change in depreciation and impairment to be recognised in 2010/11.

In respect of Community Assets, an Authority shall disclose, where material, the following items in the 2010/11 financial statements (to the extent that the information is known or reasonably estimable):

- a) narrative, related to the authority's specific circumstances, explaining the change of accounting policy in relation to the measurement of community assets;
- b) the carrying amount of community assets (excluding those reclassified as heritage assets) in the 2010/11 financial statements;
- c) the expected amount of any revaluation gains and losses to be recognised on re-measurement; and
- d) the expected change in depreciation and impairment to be recognised in 2010/11.

The Council owns a number of assets that are likely to meet the definition of a Heritage Asset, some of which are not currently recognised on the Balance Sheet. A Heritage Asset is defined as one that has historical, artistic, scientific, technological, geophysical or environmental qualities that is held principally for its contribution to knowledge and culture.

Assets that are likely to meet this definition, and be classified as such in the 2011/12 Statement of Accounts, include civic regalia (for example the mayoral chain of office), a number of medals, plaques and trophies, paintings, prints and photographs, pieces of Lowestoft Porcelain and other museum exhibits. The majority of these assets are off Balance Sheet as individually they fall below the Council's de minimis limits, however a Victoria Cross, the Mayoral regalia and a number of paintings have been recognised in the Accounts at a combined value of £276k based on their latest insurance valuation. A number of pieces of Lowestoft Porcelain with an insurance value of £189k are not included in the Council's Balance Sheet, and further work in respect of legal title is ongoing to establish the extent that these will need to be recognised in the 2011/12 Statement of Accounts. No change to depreciation and impairment is anticipated, however the extent of any revaluation gains and losses on re-measurement is unknown, and will be subject to whether the cost of any formal valuation is commensurate with the benefits to users of the financial statements.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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.
- There has been some uncertainty over the accounting requirements in relation to the Council's relationship with Waveney Norse Limited, which was previously accounted for as a simple investment in 2009/10 but is now being recognised as an Associate under the revised 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.

ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

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

The items in the Council's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

<u>Item</u>	<u>Uncertainties</u>	<u>Effect if Actual Results Differ from Assumptions</u>
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. Whilst this risk is inherent in the valuation process, any change to the useful lives of assets and the subsequent depreciation charge will not impact on the Council's usable reserve balances, as depreciation charges do not fall on the taxpayer and are removed in the Movement in Reserves Statement.
Provisions	The Council has made a provision of £1.491m for the settlement of claims for back pay arising from the Equal Pay initiative. There continues to be uncertainty over the likelihood of claims as a result of changes in the national bargaining position and Union expectation. It remains prudent to provide for this liability until matters are fully resolved.	The level of provision required will depend upon the final outcome of the national position. The Council has already addressed a number of equal pay issues through its ongoing restructuring and as part of Shared Services. The final position could involve the reversal of part or all of the provision in due course as the national position becomes clearer.
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 (for example the recent change in the Government's preferred inflationary index is disclosed in Note 8). It is important to note, however, that the impact of pension costs on taxpayers is protected in the short to medium term under national pension arrangements.

ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

Arrears

At 31 March 2011, the Council had a Sundry Debtors balance of £1.731 million. A review of significant balances suggested that an allowance for doubtful debts of 18.5% (£320k) was appropriate. However, in the current economic climate it is not always certain that any such allowance would be sufficient.

If collection rates were to deteriorate, a doubling of the amount of doubtful debts would require an additional £90k to be set aside as an allowance. If necessary such a sum could be met from reserves and balances in the short term. However, the ongoing monitoring of the Council's debt makes this scenario extremely unlikely.

NOTES TO CORE FINANCIAL STATEMENTS

5 Events After the Balance Sheet Date

The Statement of Accounts have been amended following the audit and were authorised for issue by the Director of Resources on 28 September 2011. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2011, the figures in the financial statements and notes are adjusted in all material respects to reflect the impact of this information.

There were no adjusted Post Balance Sheet Events for the 2010/11 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.

6 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.

	Usable Reserves				Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Movement in Unusable Reserves £'000	Total £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000				
2009/10								
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	(2,726)	(4,960)	(3,340)			(11,026)	11,026	-
Revaluation losses on Property, Plant and Equipment	(846)	842				(4)	4	-
Amortisation of intangible assets	(278)					(278)	278	-
Finance Lease capital payments	(33)					(33)	33	-
Expenditure capitalised under Approvals	(949)					(949)	949	-
Capital grants and contributions that have been applied to capital financing	265	1				266	(266)	-
Revenue expenditure funded from capital under statute	(19)	(9)				(28)	28	-
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	(683)	(308)				(991)	991	-
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>								
Statutory provision for the financing of capital investment	719	209				928	(928)	-
Capital expenditure charged against the General Fund and HRA balances		1,453				1,453	(1,453)	-
Adjustment involving the Capital Grants Unapplied Account								
Reversal of unapplied capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	(74)				74	-		-

6 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.

	Usable Reserves					Total Usable Reserves £'000	Movement in Unusable Reserves £'000	Total £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'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	405	342		(733)		14	(14)	-
Use of the Capital Receipts Reserve to finance new capital expenditure				1,466		1,466	(1,466)	-
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals		(2)		2		-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(166)			166		-	-	-
Transfer from Deferred Capital Receipts Reserve on receipt of cash				(1)		(1)	1	-
Adjustments involving the Major Repairs Reserve								
Reversal of Major Repairs Allowance credited to the HRA		(379)	379			-	-	-
Use of the Major Repairs Reserve to fund new capital expenditure			3,881			3,881	(3,881)	-
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	(1,225)					(1,225)	1,225	-
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 39)	(3,321)	(328)				(3,649)	3,649	-
Employer's pensions contributions and direct payments to pensioners payable in the year	3,442	462				3,904	(3,904)	-

6 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.

	Usable Reserves					Total Usable Reserves £'000	Movement in Unusable Reserves £'000	Total £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000			
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	23					23	(23)	-
Total Adjustments	(5,466)	(2,677)	920	900	74	(6,249)	6,249	-

6 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.

	Usable Reserves				Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Movement in Unusable Reserves £'000	Total £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000				
2010/11								
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	(4,238)	(4,152)	(3,381)			(11,771)	11,771	-
Revaluation losses on Property, Plant and Equipment	(4,211)	(41,999)				(46,210)	46,210	-
Amortisation of intangible assets	(352)					(352)	352	-
Finance Lease capital payments	(32)					(32)	32	-
Expenditure capitalised under Approvals						-	-	-
Capital grants and contributions that have been applied to capital financing					2,080	2,080	(2,080)	-
Revenue expenditure funded from capital under statute	(7)	(8)				(15)	15	-
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	(192)	(406)				(598)	598	-
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>								
Statutory provision for the financing of capital investment	923	204				1,127	(1,127)	-
Capital expenditure charged against the General Fund and HRA balances	150	828				978	(978)	-
Adjustment involving the Capital Grants Unapplied Account								
Reversal of unapplied capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	1,307				(1,890)	(583)	583	-

6 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.

	Usable Reserves					Total Usable Reserves £'000	Movement in Unusable Reserves £'000	Total £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'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	191	566		(762)		(5)	5	-
Use of the Capital Receipts Reserve to finance new capital expenditure				348		348	(348)	-
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	(2)	(2)		4		-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(412)			412		-	-	-
Transfer from Deferred Capital Receipts Reserve on receipt of cash				(2)		(2)	2	-
Adjustments involving the Major Repairs Reserve								
Reversal of Major Repairs Allowance credited to the HRA		(417)	417			-	-	-
Use of the Major Repairs Reserve to fund new capital expenditure			3,388			3,388	(3,388)	-
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 39)	8,549	(586)				7,963	(7,963)	-
Employer's pensions contributions and direct payments to pensioners payable in the year	2,757	574				3,331	(3,331)	-

6 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.

	Usable Reserves							Total £'000
	General Fund Balance £'000	Housing Revenue Account £'000	Major Repairs Reserve £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Total Usable Reserves £'000	Movement in Unusable Reserves £'000	
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	19					19	(19)	-
Total Adjustments	4,479	(45,398)	424	-	190	(40,305)	40,305	-

MOVEMENT IN RESERVES STATEMENT - TRANSFERS TO/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2009/10 and 2010/11.

	Balance 1 April 2009 £'000	Transfers Out 2009/10 £'000	Transfers In 2009/10 £'000	Balance 31 March 2010 £'000	Transfers Out 2010/11 £'000	Transfers in 2010/11 £'000	Balance 31 March 2011 £'000	Purpose of the Earmarked Reserve
General Fund:								
Lowestoft Charter Trustees	17	-	-	17	(5)	2	14	To cover the Trustees role including mayoral expenses and the purchase of Lowestoft porcelain.
Conservation, Planning & Building Control	268	(48)	39	259	(109)	56	206	A statutory fund to ensure Building Control expenditure works on a break even basis over a rolling three year period, and a fund set up to carry out improvement and maintenance work on Lowestoft Scores.
Waveney Campus	400	(400)	-	-	-	-	-	- To support the initial revenue costs arising from the planned capital scheme.
LABGI Fund	211	(211)	-	-	-	-	-	- Resources put aside from Local Authority Business Growth Incentive (LABGI) grant to support General Fund activities including regeneration. LABGI ended in 2008.
District Elections	50	-	-	50	(50)	-	-	- To support costs of future elections.
Private Sector Housing Stock Survey	50	-	-	50	(39)	-	11	For future survey obligation.
Backlog Repairs and Maintenance	100	(71)	19	48	-	-	48	To meet maintenance demands for corporate buildings.
Concessionary fares Reserve	-	-	215	215	(215)	-	-	- Set aside for any potential liability with a local bus company in respect of the 2009/10 travel scheme. No longer required.
Leisure Outsourcing Reserve	-	-	150	150	(77)	3	76	Set aside towards potential legal costs and other services required to achieve any outsourcing of leisure services.
Actuarial Adjustments Reserve	-	-	-	-	-	500	500	To support any pressure on finances for redundancies / capital contributions to the Pension Fund as a result of the Council's progress with Shared Services agenda.
Housing Benefits Subsidy Reserve	-	-	-	-	-	217	217	To even out future years' pressure from the final audit of Housing Benefit Subsidy claims.
Efficiencies Reserve	-	-	-	-	-	200	200	To provide seed funding for efficiency (invest to save) initiatives that will produce savings in future revenue budgets.
Land Charges Reserve	-	-	-	-	-	109	109	To support the General Fund from losses in future Land Charges income.
Revenue Grants Receipt in Advance Reserve	-	-	-	-	-	4	4	To match revenue grants received in advance with its related expenditure in subsequent years.
Short Life Assets Reserve	-	-	-	-	(150)	372	222	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.
Total	1,096	(730)	423	789	(645)	1,463	1,607	

NOTES TO CORE FINANCIAL STATEMENTS

8 Comprehensive Income and Expenditure Statement - Material Exceptional Items of Income and Expenditure

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.

	2010/11 £'000	2009/10 £'000
Other Housing Services - Reversal of provision for potential Housing Benefit Subsidy claw-back	-	(9,800)
Other Housing Services - Set-up Creditor for final Housing Benefit Subsidy obligation	-	379
Housing Revenue Account - Impairment due to reduction in Social Housing Discount Factor	31,704	-
Housing Revenue Account - Impairment due to change in valuation of Council Dwellings	10,279	-
Non-Distributed Costs - Change to Pension Obligation due to change in Inflation assumptions from RPI to CPI	(11,509)	-
Total	<u>30,474</u>	<u>(9,421)</u>

9 Comprehensive Income and Expenditure Statement - Other Operating Expenditure

	2010/11 £'000	2009/10 £'000
Parish council precepts	445	423
Levies	(3)	4
Payments to the Government Housing Capital Receipts Pool	412	166
Gains/losses on the disposal of non current assets (see note 12)	(155)	246
Total	<u>699</u>	<u>839</u>

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

	2010/11 £'000	2009/10 £'000
Interest payable and similar charges	1,111	2,598
Pensions interest cost and expected return on pensions assets	1,385	2,005
Interest receivable and similar income (note 45)	(253)	(915)
Total	<u>2,243</u>	<u>3,688</u>

NOTES TO CORE FINANCIAL STATEMENTS

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

	2010/11	2009/10
	£'000	£'000
Council tax income	(6,357)	(6,120)
Non domestic rates	(10,216)	(9,278)
Non-ringfenced government grants	(1,581)	(2,534)
Capital grant and contributions	(1,307)	(193)
Total	<u>(19,461)</u>	<u>(18,125)</u>

NOTES TO CORE FINANCIAL STATEMENTS

12 Property, Plant and Equipment

Movements on Balances

Movements in 2010/11:	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Land awaiting Development £'000	Total Property, Plant and Equipment £'000
Cost or Valuation									
At 1 April 2010	226,057	40,670	8,987	22,779	2,760	2,657	668	1,277	305,855
Additions	4,152	1,694	897	226	20	-	18	-	7,007
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(1,981)	1,908	-	-	-	-	-	-	(73)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(41,984)	(5,029)	-	-	-	-	-	-	(47,013)
Derecognition - Disposals	(406)	(140)	-	-	(1)	-	-	-	(547)
Derecognition - Other	(89)	-	-	-	-	-	-	-	(89)
Other movements in Cost or Valuation	-	-	-	-	276	-	-	-	276
At 31 March 2011	185,749	39,103	9,884	23,005	3,055	2,657	686	1,277	265,416
Accumulated Depreciation and Impairment									
At 1 April 2010	4,960	3,992	3,771	8,145	-	6	-	-	20,874
Depreciation charge	2,964	1,073	952	740	-	-	-	-	5,729
Depreciation written out to the Revaluation Reserve	-	(629)	-	-	-	-	-	-	(629)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(2,964)	(836)	-	-	-	-	-	-	(3,800)
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-	-
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	4,152	1,852	26	-	-	-	-	-	6,030
Derecognition - Disposals	-	-	-	-	-	-	-	-	-
At 31 March 2011	9,112	5,452	4,749	8,885	-	6	-	-	28,204
Net Book Value									
At 31 March 2011	176,637	33,651	5,135	14,120	3,055	2,651	686	1,277	237,212
At 31 March 2010	221,097	36,678	5,216	14,634	2,760	2,651	668	1,277	284,981

NOTES TO CORE FINANCIAL STATEMENTS

Comparative Movements in 2009/10:	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 2009	219,440	41,447	7,205	22,548	2,740	2,841	4,901	1,351	302,473
Additions	4,960	178	2,033	231	1	-	121	-	7,524
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,024	777	-	-	-	70	-	-	2,871
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	1,397	(587)	(4)	-	-	(762)	-	-	44
Derecognition - Disposals	(177)	(512)	(73)	-	-	(120)	-	-	(882)
Assets reclassified (to)/from Held for Sale	-	(793)	-	-	-	-	-	-	(793)
Other movements in Cost or Valuation	(1,587)	160	(174)	-	19	628	(4,354)	(74)	(5,382)
At 31 March 2010	226,057	40,670	8,987	22,779	2,760	2,657	668	1,277	305,855
Accumulated Depreciation and Impairment									
At 1 April 2009	-	2,955	2,910	7,212	-	-	-	-	13,077
Depreciation charge	2,961	1,144	870	857	-	-	-	-	5,832
Impairment losses/(reversals) recognised in the Revaluation Reserve	-	(276)	45	-	-	(19)	-	-	(250)
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	4,960	213	-	76	-	-	-	-	5,249
Derecognition - Disposals	-	(19)	(54)	-	-	-	-	-	(73)
Other movements in Depreciation and Impairment	(2,961)	(25)	-	-	-	25	-	-	(2,961)
At 31 March 2010	4,960	3,992	3,771	8,145	-	6	-	-	20,874
Net Book Value									
At 31 March 2010	221,097	36,678	5,216	14,634	2,760	2,651	668	1,277	284,981
At 1 April 2009	219,440	38,492	4,295	15,336	2,740	2,841	4,901	1,351	289,396

NOTES TO CORE FINANCIAL STATEMENTS

Depreciation

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

	Estimated Life (Years)
Council Dwellings	Based on Major Repairs Allowance (approx 50 years)
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

Capital Commitments

At 31 March 2011 there were no material outstanding contractual commitments on capital schemes.

Effects of Changes in Estimates

There were no material changes to accounting estimates for Property, Plant and Equipment.

NOTES TO CORE FINANCIAL STATEMENTS

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 £'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 £'000
Carried at historical cost			9,884	23,005	3,055				35,944
Value at fair value as at:									
31 March 2011	185,749	11,723					18		197,490
31 March 2010		8,532				2,657	54		11,243
31 March 2009		2,856					614	1,277	4,747
31 March 2008		8,635							8,635
31 March 2007		7,357							7,357
Total Cost or Valuation	185,749	39,103	9,884	23,005	3,055	2,657	686	1,277	265,416

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.

NOTES TO CORE FINANCIAL STATEMENTS

13 Investment Properties

The Council has no assets that meet the definition of Investment Properties under IFRS. Assets previously identified as Investment Properties in prior year Statement of Accounts have been reclassified as Property Plant and Equipment under the 2010/11 CIPFA Code of Practice.

NOTES TO CORE FINANCIAL STATEMENTS

14 Intangible Assets

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

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

Asset Lives

2 to 7 years

5 years

7 years

Purchased Software Licences

IT Operating System

LAMP Project Software

Integrated Housing ITC System,
Financial Information System, Website
Infrastructure

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £352k charged to revenue in 2010/11 was charged to the IT Support cost centre and then absorbed as an overhead across all the service headings in the Net Expenditure of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

NOTES TO CORE FINANCIAL STATEMENTS

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

	Internally Generated Assets £'000	2010/11 Other Assets £'000	Total £'000	Internally Generated Assets £'000	2009/10 Other Assets £'000	Total £'000
Balance at start of year:						
• Gross carrying amount	-	1,641	1,641	-	1,302	1,302
• Accumulated amortisation	-	(725)	(725)	-	(447)	(447)
Net carrying amount at start of year	-	916	916	-	855	855
Additions:						
• Purchases	-	77	77	-	339	339
Amortisation for the period	-	(352)	(352)	-	(278)	(278)
Net carrying amount at end of year	-	641	641	-	916	916
Comprising						
• Gross carrying amount	-	1,718	1,718	-	1,641	1,641
• Accumulated amortisation	-	(1,077)	(1,077)	-	(725)	(725)
	-	641	641	-	916	916

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 2011 £'000	31 March 2010 £'000	Remaining Amortisation Period
LAMP Project Software	282	445	1 to 3 Years
Integrated Housing ITC System	143	167	6 Years
IT Operating System	94	115	1 to 7 Years

There are no contractual commitments for the acquisition of intangible assets as at 31st March 2011.

NOTES TO CORE FINANCIAL STATEMENTS

15 Financial Instruments

Categories of Financial Instruments

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

	Long-term		31 March 2009 £'000	31 March 2011 £'000	Current	
	31 March 2010 £'000	31 March 2010 £'000			31 March 2010 £'000	31 March 2009 £'000
Investments and Bank Deposits						
Loans and receivables	10	10	10	17,163	9,684	21,185
Total investments	10	10	10	17,163	9,684	21,185
Debtors						
Loans and receivables	268	309	442	4,283	8,122	4,233
Total debtors	268	309	442	4,283	8,122	4,233
Borrowings						
Financial liabilities at amortised cost	(21,011)	(31,011)	(37,512)	(10,009)	(9)	-
Total borrowings	(21,011)	(31,011)	(37,512)	(10,009)	(9)	-
Creditors						
Financial liabilities at amortised cost	(698)	(701)	(2,266)	(5,802)	(4,683)	(7,444)
Total creditors	(698)	(701)	(2,266)	(5,802)	(4,683)	(7,444)
Total Financial Instruments	(21,431)	(31,393)	(39,326)	5,635	13,114	17,974

(see Note 50 for further information).

NOTES TO CORE FINANCIAL STATEMENTS

Income, Expense, Gains and Losses

	2010/11					2009/10				
	Financial Liabilities	Financial Assets			Total	Financial Liabilities	Financial Assets			Total
	Liabilities measured at amortised cost	Loans and receivables	Available-for-sale assets	Assets and Liabilities at Fair Value through Profit and Loss		Liabilities measured at amortised cost	Loans and receivables	Available-for-sale assets	Assets and Liabilities at Fair Value through Profit and Loss	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Interest expense	1,111	-	-	-	1,111	2,598	-	-	-	2,598
Impairment losses	-	37	-	-	37	-	115	-	-	115
Total expense in Surplus or Deficit on the Provision of Services	1,111	37	-	-	1,148	2,598	115	-	-	2,713
Interest income	-	(253)	-	-	(253)	-	(915)	-	-	(915)
Total income in Surplus or Deficit on the Provision of Services	-	(253)	-	-	(253)	-	(915)	-	-	(915)
Net (gain) / loss for the year	1,111	(216)	-	-	895	2,598	(800)	-	-	1,798

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 50](#) to the Core Financial Statements)

	31 March 2011		31 March 2010		31 March 2009	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000	£'000	£'000
Financial liabilities at amortised cost - PWLB Loans	(31,020)	(33,097)	(31,020)	(33,340)	(37,512)	(41,954)

NOTES TO CORE FINANCIAL STATEMENTS

16 Inventories

	Trading Stocks		Other Minor Stocks		Works in Progress		Total	
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance outstanding at start of year	69	95	75	71	19	17	163	183
Recognised as an expense in the year	12	(26)	(31)	4	(15)	2	(34)	(20)
Balance outstanding at year-end	81	69	44	75	4	19	129	163

NOTES TO CORE FINANCIAL STATEMENTS

17 Debtors

	31 March 2011	31 March	31 March
	£'000	2010	2009
	£'000	£'000	£'000
Central Government bodies	789	2,392	2,116
Other Local Authorities	1,238	923	1,060
Council Taxpayers	415	402	361
Other entities and individuals	5,303	9,568	5,547
Prepayments	176	301	239
Unsecured Loans (falling due after one year)	6	18	29
Total	7,927	13,604	9,352
less Bad Debt Impairment Provisions			
Council Taxpayers	(165)	(149)	(121)
Other service debtors	(1,609)	(1,444)	(1,315)
Total	6,153	12,011	7,916

NOTES TO CORE FINANCIAL STATEMENTS

18 Assets Held for Sale

	Current Assets		Non Current Assets	
	2010/11 £'000	2009/10 £'000	2010/11 £'000	2009/10 £'000
Balance outstanding at start of year	788	-	-	-
Assets newly classified as held for sale:				
Property, Plant and Equipment	-	793	-	-
Revaluation losses	-	(216)	-	-
Impairment losses / gains	(12)	211	-	-
Assets declassified as held for sale:				
Property, Plant and Equipment	-	-	-	-
Assets sold	(52)	-	-	-
Transfers from non current to current	-	-	-	-
Other costs	12	-	-	-
Balance outstanding at year-end	736	788	-	-

NOTES TO CORE FINANCIAL STATEMENTS

19 Cash Flow Statement - Cash and Cash Equivalents

	2010/11 £'000	2009/10 £'000
Cash held by officers	5	6
Short-term deposits with building societies	3,061	610
Sub-Total - Cash and Cash Equivalents	3,066	616
Bank Overdraft	(1,296)	(332)
Total	1,770	284

NOTES TO CORE FINANCIAL STATEMENTS

20 Creditors

	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
Central Government bodies	948	1,509	2,117
Other Local Authorities	504	65	54
Other entities and individuals	3,530	3,729	6,122
Receipts in Advance	1,093	1,454	814
Total	6,075	6,757	9,107

21 Provisions

	Outstanding Legal Cases £'000	Single Status Backpay £'000	Other Provisions £'000	Total £'000
<u>Long Term Provisions</u>				
Balance at 1 April 2010	-	1,991	100	2,091
Additional provisions made in 2010/11	-	-	-	-
Amounts used in 2010/11	-	-	-	-
Unused amounts reversed in 2010/11	-	(500)	(100)	(600)
Balance at 31 March 2011	-	1,491	-	1,491
<u>Short Term Provisions</u>				
There are no Short-Term Provisions that affect the current accounting period.				

NOTES TO CORE FINANCIAL STATEMENTS

Outstanding Legal Cases

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

Single Status Backpay

A provision has been set aside to meet backpay liabilities arising on implementation of Single Status - a national agreement to harmonise service conditions within Local Government. Nationally, Unison are currently evaluating the Council's Single Status Agreement. The Council reviewed the Single Status Provision as part of the Budget process and it decided that, because of the reduction in the Council's workforce over the last few years and that three years protection for changes in post grades had been provided for, the Provision was now estimated to be now overstated by £500,000. The Council, when approving its Budget in February 2011, approved the return of £500,000 to the General Fund and in addition the Council will continue to monitor the national situation as part of the next budget round, and also awaits the outcome of the Unison review.

Other Provisions

A Provision of £100k was previously established in 2007/08 to meet potential revenue costs arising from the sale of certain fixed assets. After a review was carried out by NPS, it has been decided that there is no likelihood of such costs arising, and so this provision has been reversed within 2010/11, and £100k returned to the General Fund Balance.

NOTES TO CORE FINANCIAL STATEMENTS

22 Grant Income

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

	2010/11 £'000	2009/10 £'000
Credited to Taxation and Non Specific Grant Income		
Non domestic rates - National Pool redistribution grant	(10,216)	(9,278)
Non-ringfenced government grants - Formula Grant	(1,483)	(2,141)
Non-ringfenced government grants - Area Based Grant	(98)	(346)
Non-ringfenced government grants - LABGI Grant	-	(47)
Capital grant and contributions	(1,307)	(193)
Total	<u>(13,104)</u>	<u>(12,005)</u>
Credited to Services		
Council Tax Benefits Subsidy	(10,117)	(9,309)
Housing Benefits Subsidy	(35,999)	(42,486)
Benefits Administration Grant	(1,200)	(1,316)
HRA Negative Subsidy	4,101	3,571
Planning Delivery Grant	-	(685)
Concessionary Fares Grant	(580)	(429)
Disabled Facilities Grants	(553)	(580)
Pathfinder Grant	(201)	-
Other Grants	(298)	(748)
Total	<u>(44,847)</u>	<u>(51,982)</u>

NOTES TO CORE FINANCIAL STATEMENTS

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 2011 £'000
Capital Grants Receipts in Advance (Short-Term)	
s106 Contributions	533
Gunton Community Park - Suffolk County Council	11
DEFRA - Coastal Change Pathfinder Grant	1,310
Total	<u><u>1,854</u></u>
Capital Grants Receipts in Advance (Long-Term)	
s106 Contributions	1,246
Total	<u><u>1,246</u></u>
Donated Assets Account	
No Donated Assets are currently recognised in the Accounts	-
Total	<u><u>-</u></u>

NOTES TO CORE FINANCIAL STATEMENTS

23 Balance Sheet - Usable Reserves

	31st March 2011 £'000	31st March 2010 £'000	31st March 2009 £'000
<u>Held for Capital Purposes</u>			
Capital Receipts Reserve	-	-	(900)
Capital Grants Unapplied	(119)	(309)	(383)
Major Repairs Reserve	(1,629)	(2,053)	(2,973)
	<u>(1,748)</u>	<u>(2,362)</u>	<u>(4,256)</u>
<u>Held for Revenue Purposes</u>			
General Fund	(3,020)	(2,000)	8,634
Earmarked Reserves	(1,607)	(789)	(1,096)
Housing Revenue Account	(4,003)	(4,013)	(4,380)
	<u>(8,630)</u>	<u>(6,802)</u>	<u>3,158</u>
Total Usable Reserves	<u>(10,378)</u>	<u>(9,164)</u>	<u>(1,098)</u>

Capital Receipts Reserve

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

Capital Grants Unapplied

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

Major Repairs Reserve

This reserve, funded from an element of Housing Subsidy, is held to finance capital improvements to the Council's housing stock.

General Fund

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

Earmarked Reserves

Further information on the purpose of each Earmarked Reserve, together with the movement in the year and the balance, is set out in [Note 7](#) to the Core Financial Statements.

Housing Revenue Account

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.

NOTES TO CORE FINANCIAL STATEMENTS

24 Balance Sheet - Unusable Reserves

	31st March 2011 £'000	31st March 2010 £'000
Revaluation Reserve	(8,884)	(8,443)
Capital Adjustment Account	(200,791)	(249,139)
Financial Instruments Adjustment Account	1,093	1,121
Deferred Capital Receipts Reserve	(4)	(6)
Pensions Reserve	20,429	54,619
Collection Fund Adjustment Account	(31)	(13)
Total Unusable Reserves	(188,188)	(201,861)

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.

	2010/11 £'000	2009/10 £'000
Balance at 1 April	(8,443)	(5,949)
Upward revaluation of assets	(2,639)	(3,006)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	2,024	77
Accumulated gains on assets sold or scrapped	65	182
Amount written off to the Capital Adjustment Account	109	253
Balance at 31 March	(8,884)	(8,443)

NOTES TO CORE FINANCIAL STATEMENTS

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

	2010/11	2009/10
	£'000	£'000
Balance at 1 April	(249,139)	(251,327)
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	11,771	10,944
• Revaluation losses on Property, Plant and Equipment	46,177	(2,359)
• Amortisation of intangible assets	352	278
• Revenue expenditure funded from capital under statute	15	28
• 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	534	808
Adjusting amounts written out of the Revaluation Reserve	(109)	(253)
Net written out amount of the cost of non current assets consumed in the year	(3,053)	(921)
Capital financing applied in the year:		
• Use of Capital Receipts Reserve to finance new capital expenditure	(349)	(1,466)
• Use of the Major Repairs Reserve to finance new capital expenditure	(3,388)	(3,881)
• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	-	1,272
• Application of grants to capital financing from the Capital Grants Unapplied Account	(1,496)	(830)
• Statutory provision for the financing of capital investment charged against the General Fund Balance	(1,128)	(928)
• Capital expenditure charged against the General Fund balance	(978)	(1,453)
Capitalisation Approvals	-	949
Balance at 31 March	(200,791)	(249,139)

NOTES TO CORE FINANCIAL STATEMENTS

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.

	2010/11	2009/10
	£'000	£'000
Balance at 1 April	1,121	(103)
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	-	1,253
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	(28)	(29)
Balance at 31 March	1,093	1,121

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.

	2010/11	2009/10
	£'000	£'000
Balance at 1 April	(6)	(7)
Transfer to the Capital Receipts Reserve upon receipt of cash	2	1
Balance at 31 March	(4)	(6)

NOTES TO CORE FINANCIAL STATEMENTS

Pensions Reserve

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

	2010/11	2009/10
	£'000	£'000
Balance at 1 April	54,619	26,152
Actuarial gains or losses on pensions assets and liabilities	(22,896)	28,722
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	(7,963)	3,649
Employer's pensions contributions and direct payments to pensioners payable in the year	(3,331)	(3,904)
Balance at 31 March	20,429	54,619

Collection Fund Adjustment Account

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

	2010/11	2009/10
	£'000	£'000
Balance at 1 April	(13)	10
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	(18)	(23)
Balance at 31 March	(31)	(13)

NOTES TO CORE FINANCIAL STATEMENTS

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

	2010/11 £'000	2009/10 £'000
The following non-cash items have been adjusted in the Cash Flow Statement:		
Depreciation and Amortisation of Intangible Assets	(6,082)	(6,344)
Impairment and Downward valuations	(52,252)	(4,964)
Change in Creditors	(1,132)	1,765
Change in Debtors	(3,259)	5,894
Change in Inventory	(34)	(20)
Pension Liability	11,294	(255)
Carrying value of Non-Current Assets disposed	(599)	(991)
Other non-cash items charged to Surplus / Deficit on Provision of Services	2,489	8,986
	<u>(49,575)</u>	<u>4,071</u>
The cash flows for Operating Activities include the following items:		
Interest received	(225)	(919)
Interest paid	1,111	2,647
Dividends received		-
Total	<u>886</u>	<u>1,728</u>

26 Cash Flow Statement - Investing Activities

	2010/11 £'000	2009/10 £'000
Purchase of property, plant and equipment, investment property and intangible assets	7,532	4,463
Purchase of short-term and long-term investments	17,000	15,065
Other payments for investing activities	-	751
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(754)	(577)
Proceeds from short-term and long-term investments	(11,990)	(25,552)
Other receipts from investing activities	(1,981)	(1,829)
Net cash flows from investing activities	<u>9,807</u>	<u>(7,679)</u>

NOTES TO CORE FINANCIAL STATEMENTS

27 Cash Flow Statement - Financing Activities

	2010/11 £'000	2009/10 £'000
Cash receipts of short- and long-term borrowing	-	(20,000)
Other receipts from financing activities	(1,530)	(655)
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(33)	(118)
Repayments of short- and long-term borrowing	-	26,500
Other payments for financing activities	-	-
Net cash flows from financing activities	<u>(1,563)</u>	<u>5,727</u>

NOTES TO CORE FINANCIAL STATEMENTS

28 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 Best Value Accounting Code of Practice (BVACOP). 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	2010/11						Total £'000
	Finance and Performance Mgmt £'000	Learning and Skills for the Future £'000	Prosperous and Vibrant Economy £'000	The Greenest County £'000	Safe Healthy & Inclusive Communities £'000	Housing Revenue Account £'000	
Fees, charges & other service income	(386)		(2,748)	(1,444)	(3,898)	(15,550)	(24,026)
Government grants	(10,570)		(25)	(2,166)	(38,351)		(51,112)
Total Income	(10,956)	-	(2,773)	(3,610)	(42,249)	(15,550)	(75,138)
Employee expenses	3,325		662	1,765	2,415	4,237	12,404
Other service expenses	11,032		1,448	5,932	42,849	51,838	113,099
Support services recharges	2,341	108	454	1,320	1,466	763	6,452
Total Expenditure	16,698	108	2,564	9,017	46,730	56,838	131,955
Net Expenditure	5,742	108	(209)	5,407	4,481	41,288	56,817

NOTES TO CORE FINANCIAL STATEMENTS

Service Income and Expenditure

	2009/10 Comparative Figures						Total £'000
	Finance and Performance Mgmt £'000	Learning and Skills for the Future £'000	Prosperous and Vibrant Economy £'000	The Greenest County £'000	Safe Healthy & Inclusive Communities £'000	Housing Revenue Account £'000	
Fees, charges & other service income	(279)		(3,448)	(1,237)	(4,689)	(15,439)	(25,092)
Government grants	(9,757)		(51)	(2,154)	(44,999)		(56,961)
Total Income	(10,036)	-	(3,499)	(3,391)	(49,688)	(15,439)	(82,053)
Employee expenses	3,068		692	2,264	3,748	4,384	14,156
Other service expenses	10,122		1,662	5,361	40,713	9,134	66,992
Support services recharges	3,045		653	1,380	1,766	876	7,720
Total Expenditure	16,235	-	3,007	9,005	46,227	14,394	88,868
Net Expenditure	6,199	-	(492)	5,614	(3,461)	(1,045)	6,815

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.

	2010/11 £'000	2009/10 £'000
Net expenditure in the Service Analysis		
Net expenditure of services and support services not included in the Analysis	56,817	6,815
Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the Analysis	15	7
Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement	(1,222)	4,959
Cost of Services in Comprehensive Income and Expenditure Statement	55,610	11,781

NOTES TO CORE FINANCIAL STATEMENTS

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of service income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

	2010/11								
	Service Analysis £'000	Services and Support Services not in Analysis £'000	Amounts not reported to mgmt £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Authority Total £'000	Group Accounting Items £'000	Group Total £'000
Fees, charges & other service income	(24,026)	(1)		(186)	(24,213)		(24,213)		(24,213)
Surplus or deficit on associates and joint ventures					-		-	(20)	(20)
Interest and investment income					-	(253)	(253)		(253)
Income from council tax					-	(6,357)	(6,357)		(6,357)
Government grants and contributions	(51,112)			(104)	(51,216)	(13,104)	(64,320)		(64,320)
Total Income	(75,138)	(1)	-	(290)	(75,429)	(19,714)	(95,143)	(20)	(95,163)
Employee expenses	12,404	4		3,366	15,774		15,774		15,774
Other services expenses	113,099	7		2,675	115,781		115,781		115,781
Support Service recharges	6,452	5		(6,516)	(59)		(59)		(59)
Depreciation, amortisation and impairment			(1,222)	765	(457)		(457)		(457)
Interest Payments					-	2,496	2,496		2,496
Precepts & Levies					-	442	442		442
Payments to Housing Capital Receipts Pool					-	412	412		412
Gain or Loss on Disposal of Fixed Assets					-	(155)	(155)		(155)
Total Expenditure	131,955	16	(1,222)	290	131,039	3,195	134,234	-	134,234
Surplus or deficit on the provision of services	56,817	15	(1,222)	-	55,610	(16,519)	39,091	(20)	39,071

NOTES TO CORE FINANCIAL STATEMENTS

	2009/10 comparative figures								
	Service Analysis £'000	Services and Support Services not in Analysis £'000	Amounts not reported to mgmt £'000	Allocation of Recharges £'000	Cost of Services £'000	Corporate Amounts £'000	Authority Total £'000	Group Accounting Items £'000	Group Total £'000
Fees, charges & other service income	(25,092)	(1)		(336)	(25,429)		(25,429)		(25,429)
Surplus or deficit on associates and joint ventures					-		-	(17)	(17)
Interest and investment income					-	(915)	(915)		(915)
Income from council tax					-	(6,120)	(6,120)		(6,120)
Government grants and contributions	(56,961)			(3,121)	(60,082)	(12,005)	(72,087)		(72,087)
Total Income	(82,053)	(1)	-	(3,457)	(85,511)	(19,040)	(104,551)	(17)	(104,568)
Employee expenses	14,156	1		4,506	18,663		18,663		18,663
Other services expenses	66,992			6,774	73,766		73,766		73,766
Support Service recharges	7,720	7		(7,796)	(69)		(69)		(69)
Depreciation, amortisation and impairment			4,959	(27)	4,932		4,932		4,932
Interest Payments					-	4,603	4,603		4,603
Precepts & Levies					-	427	427		427
Payments to Housing Capital Receipts Pool					-	166	166		166
Gain or Loss on Disposal of Fixed Assets					-	246	246		246
Total Expenditure	88,868	8	4,959	3,457	97,292	5,442	102,734	-	102,734
							-		
Surplus or deficit on the provision of services	6,815	7	4,959	-	11,781	(13,598)	(1,817)	(17)	(1,834)

NOTES TO CORE FINANCIAL STATEMENTS

29 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:

<u>Revenue Account</u>	2010/11 £'000	2009/10 £'000	
Income	(186)	(166)	
Expenditure	138	201	
(Surplus) / Deficit for the Year	<u>(48)</u>	<u>35</u>	
The reduction in expenditure is primarily in relation to an impairment charge in 2009/10.			
<u>Fixed Assets</u>	Public Conveniences	Harbour	Total
	2010/11 £'000	2010/11 £'000	2010/11 £'000
<i>Gross Book Value</i>			
Balance 1 April 2010	170	842	1,012
Additions	-	47	47
Restatements	-	(11)	(11)
Balance 31 March 2011	<u>170</u>	<u>878</u>	<u>1,048</u>
Additions	-	-	-
Restatements	-	-	-
Balance 31 March 2011	<u>170</u>	<u>878</u>	<u>1,048</u>
<i>Depreciation</i>			
Balance 1 April 2010	6	34	40
Additions	6	6	12
Restatements	-	18	18
Balance 31 March 2011	<u>12</u>	<u>58</u>	<u>70</u>
Additions	-	-	-
Restatements	-	-	-
Balance 31 March 2011	<u>12</u>	<u>58</u>	<u>70</u>
<i>Net Book Value</i>			
Balance 1 April 2010	164	808	972
Additions	(6)	41	35
Restatements	-	(29)	(29)
Balance 31 March 2011	<u>158</u>	<u>820</u>	<u>978</u>
Additions	-	-	-
Restatements	-	-	-
Balance 31 March 2011	<u>158</u>	<u>820</u>	<u>978</u>

NOTES TO CORE FINANCIAL STATEMENTS

30 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:

	2010/11 Expenditure £'000	2010/11 Income £'000	2009/10 Expenditure £'000	2009/10 Income £'000
Cultural, Environmental, Regulatory and Planning Services				
Industrial Estates	1,004	474	89	671
Markets	77	47	94	55
Caravan and Camping Sites	395	466	327	290
Sea Front Activities	493	231	245	270
Other Activities	4	2	7	2
Highways and Transport Services				
Yacht Stations	482	361	337	314
	<u>2,455</u>	<u>1,581</u>	<u>1,099</u>	<u>1,602</u>
Net (Surplus) / Deficit to General Fund		874		(503)
	<u><u>2,455</u></u>	<u><u>2,455</u></u>	<u><u>1,099</u></u>	<u><u>1,099</u></u>

The between year increase in expenditure is in the main arising from impairment charges in respect of an industrial estate unit and seafront chalets.

31 Members' Allowances

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

	2010/11 £'000	2009/10 £'000
Basic, Attendance and Special Responsibility Allowances	258	260
Subsistence and Expenses	12	17
Total	<u><u>270</u></u>	<u><u>277</u></u>

NOTES TO CORE FINANCIAL STATEMENTS

32 Officers' Remuneration

The remuneration paid to senior employees is set out in the table below. No bonuses were paid in 2010/11 or 2009/10.

		Salary, Fees and Allowances	Benefits in Kind (e.g. Car Allowances)	Compensation for Loss of Office	Total Excluding Pension Contributions	Employer's Pension Contribution	Total Including Pension Contributions	Additional Council Pension Contributions
		£	£	£	£	£	£	£
Director of Resources	2010/11	83,891	-	-	83,891	12,584	96,475	-
	2009/10	81,893	17	-	81,910	12,284	94,194	-
Assistant Chief Executive	2010/11	73,945	69	-	74,014	11,092	85,106	-
	2009/10	73,146	589	-	73,735	10,969	84,704	-
Strategic Director	2010/11	73,945	-	-	73,945	11,092	85,037	-
	2009/10	74,300	130	-	74,430	10,969	85,399	-
Partnership Programme Manager from 1/06/2010. Formerly Head of Customer Services-See Note 1 below	2010/11	57,263	16	-	57,279	8,590	65,869	-
	2009/10	54,478	145	-	54,623	8,172	62,795	-
Head of Strategic Housing & Tenant Services (01.10.10). Formerly Head of Environment and Housing	2010/11	57,506	375	-	57,881	8,626	66,507	-
	2009/10	58,676	-	-	58,676	8,626	67,302	-
Head of Revenues and Benefits (1/10/2010). Formerly Head of Revenues, Benefits and Tenant Services	2010/11	57,506	518	-	58,024	8,626	66,650	-
	2009/10	56,049	46	-	56,095	8,407	64,502	-
Head of Customer Services & Commercial Partnerships (1/10/2010). Formerly Head of Partnership Management and Procurement	2010/11	57,506	-	-	57,506	8,626	66,132	-
	2009/10	58,676	130	-	58,806	8,626	67,432	-

Note 1. The Partnership Programme Manager is supernumerary to the Management Team. Although employed by WDC, the post for 2 years, is 50% funded externally (£32,103), and 25% by each council (£16,051 each).

NOTES TO CORE FINANCIAL STATEMENTS

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

Remuneration band	2010/11		2009/10	
	Number of employees Total	Left in Year	Number of employees Total	Left in Year
£50,000 - £54,999			1	
£55,000 - £59,999	4		5	2
£60,000 - £64,999			1	1
£65,000 - £69,999	1			
£70,000 - £74,999	2		1	1
£75,000 - £79,999			2	
£80,000 - £84,999	1		1	
£85,000 - £89,999			1	
£90,000 - £94,999				
£95,000 - £99,999				
£100,000 - £104,999				
£105,000 - £109,999			1	1
£110,000 - £114,999				
	<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
	8	-	13	5

The above numbers include officers who were made redundant voluntarily during the 2009/10 financial year, and whose remuneration may not have normally been included within the limits of the above table, but who had received a redundancy payment which increased their earnings to over the minimum of £50k, or resulted in being included in a higher band than their basic pay. An additional column shows leavers in 2009/10.

Up to 30 September 2010 the Council contributed £50,537 in 2010/11 (£94,895 for 2009/10 full year) towards the costs of the shared Chief Executive and £24,517 in relation to the shared Head of Planning (£48,324 for full year 2009/10) relating to the first six months. These costs reflect total contributions inclusive of salary and expense payments made to the employee as well as National Insurance and Pension Fund contributions. Both are employed by Suffolk Coastal District Council and their remuneration, in the format of the table above, is disclosed in that Authority's Statement of Accounts.

NOTES TO CORE FINANCIAL STATEMENTS

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 incorporated, in addition to the Chief Executive, a Corporate Management Team of four directors, and a senior management team of a further nine Heads of Service, together with the Audit Partnership and Partnership Programme Managers. 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. Nine 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.

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 costs for the 6 months from 1 October 2010. In addition other transactions are disclosed in [Note 34, Related Parties](#).

	2010/11	2010/11
Shared Senior Management costs from 1 October 2010	Expenditure by WDC	Expenditure by SCDC
	£	£
Chief Executive		85,225
Strategic Director		53,115
Strategic Director	50,373	
Assistant Chief Executive	49,440	
Director of Resources	54,747	
Head of Environmental Services and Port Health		37,763
Head of Customer Services and Commercial Partnerships	38,781	
Head of Planning Services		45,686
Head of Legal and Democratic Services		37,862
Head of Strategic Housing and Tenant Services	37,874	
Head of ICT and Corporate Services		35,823
Head of Revenues and Benefits	38,287	
Head of Financial Services		38,780
Head of Community and Economic Services		38,003
Senior Management direct support costs	41,456	26,671
Audit Partnership Manager		18,074
Total spend	310,958	417,002
Net adjustment between councils	53,022	-53,022
	363,980	363,980

NOTES TO CORE FINANCIAL STATEMENTS

33 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

	2010/11 £'000	2009/10 £'000
Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor for the year	150	159
Fees payable to the Audit Commission in respect of Statutory Inspections	8	24
Fees payable to the Audit Commission for the certification of grant claims and returns for the year	54	80
Total	212	263

The table above shows planned fees payable to the auditors for the year of account in advance of the audit work being completed. Actual amounts charged to 2010/11 for 2009/10 audit work were as follows:

Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor for the year	209
Fees payable to the Audit Commission in respect of Statutory Inspections	24
Fees payable to the Audit Commission for the certification of grant claims and returns for the year	54
	287

NOTES TO CORE FINANCIAL STATEMENTS

34 Related Parties

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

Central Government

Central Government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax Demands, Housing Benefits, etc). Grants received from Government departments are set out in [note 22](#) along with details of any amounts received but not yet recognised in the CIES due to outstanding conditions at the Balance Sheet date.

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 2010/11 is shown in [note 31](#). During 2010/11, the Council made payments totalling £109,518 to six organisations in which seven 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.

NOTES TO CORE FINANCIAL STATEMENTS

Other Public Bodies

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

	2010/11		2009/10	
	Transactions	Balance	Transactions	Balance
	£'000	£'000	£'000	£'000
Precepts and levies paid to other Authorities:				
Parish Councils	445	-	423	-
Environment Agency	(4)	-	4	-
Rivers and Drainage Authorities	17	-	19	-
Contributions received from other Authorities and Public Bodies:				
CEFAS	-	-	2,353	-
Great Yarmouth Borough Council	28	-	86	-
Suffolk County Council	1,438	604	2,186	808
Broads Authority	6	-	6	-
Other Local Authorities	-	86	10	115
Transactions with Councillors	110	-	14	-

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 32 to the Core Financial Statements.

Other Entities Controlled or Influenced by the Council

Details of the latest available turnover and gross profit figures for Waveney Norse Limited up to 1st February 2011, together with amounts outstanding between the Council and the Company at the year-end, are set out in [Note 43](#) to the Core Financial Statements.

NOTES TO CORE FINANCIAL STATEMENTS

35 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 Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2010/11 £'000	2009/10 £'000
Opening Capital Financing Requirement	28,720	31,558
<i>Capital investment</i>		
Property, Plant and Equipment	7,020	7,533
Intangible Assets	77	339
Capitalised under Approvals	-	949
Revenue Expenditure Funded from Capital under Statute	598	751
	7,695	9,572
Less Transferred to Revenue - Aborted Costs	-	(4,389)
Total Capital Investment	7,695	5,183
<i>Sources of finance</i>		
Capital receipts	349	1,466
Government grants and other contributions	2,079	282
Sums set aside from revenue:		
Direct revenue contributions	978	1,453
Minimum Revenue Provision	1,128	929
Major Repairs Reserve	3,388	3,881
Long Term Loans / Investments	-	10
	28,493	28,720
Closing Capital Financing Requirement	28,493	28,720
<i>Explanation of movements in year</i>		
Increase in underlying need to borrowing (unsupported by government financial assistance)	(227)	(2,838)
<i>Increase/(decrease) in Capital Financing Requirement</i>	(227)	(2,838)

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.

NOTES TO CORE FINANCIAL STATEMENTS

36 Leases

Disclosures as Lessee

Finance Leases

The Council has acquired Car Park assets under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2011 £'000	31 March 2010 £'000
Other Land and Buildings	<u>1,213</u>	<u>1,299</u>
	1,213	1,299

NOTES TO CORE FINANCIAL STATEMENTS

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 2011 £'000	31 March 2010 £'000
Finance lease liabilities (net present value of minimum lease payments):		
current	-	-
non current	695	695
Finance costs payable in future years	3,895	3,949
Minimum lease payments	<u>4,590</u>	<u>4,644</u>

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2011 £'000	31 March 2010 £'000	31 March 2011 £'000	31 March 2010 £'000
Not later than one year	54	54	-	-
Later than one year and not later than five years	216	216	-	-
Later than five years	4,320	4,374	694	694
	<u>4,590</u>	<u>4,644</u>	<u>694</u>	<u>694</u>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into. There were no material contingent rents payable by the Council under finance leases for 2009/10 and 2010/11.

The Council does not sub-let any property for which it is a lessee under a finance lease.

NOTES TO CORE FINANCIAL STATEMENTS

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:

	Vehicles, Plant and Equipment		Other Land and Buildings	
	31 March 2011 £'000	Restated 31 March 2010 £'000	31 March 2011 £'000	Restated 31 March 2010 £'000
Not later than one year	-	-	34	32
Later than one year and not later than five years	-	9	76	90
Later than five years	-	-	287	290
	<u>-</u>	<u>9</u>	<u>397</u>	<u>412</u>

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

	2010/11 £'000	2009/10 £'000
Minimum lease payments	<u>9</u>	<u>21</u>
	9	21

NOTES TO CORE FINANCIAL STATEMENTS

Disclosures as Lessor

Finance Leases

The Authority 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
- 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 2011 £'000	31 March 2010 £'000		
Finance lease debtor (net present value of minimum lease payments):				
current	37	33		
non current	138	175		
Unearned finance income	59	72		
Gross investment in the lease	234	280		
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 2011 £'000	31 March 2010 £'000	31 March 2011 £'000	31 March 2010 £'000
Not later than one year	46	46	46	46
Later than one year and not later than five years	101	126	101	126
Later than five years	87	108	87	108
	234	280	234	280
The Council has set aside an allowance for uncollectible amounts in respect of the above finance leases of £3k (£2k at 31 March 2010).				
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 2009/10 and 2010/11.				

NOTES TO CORE FINANCIAL STATEMENTS

Operating Leases

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

- for the provision of community services, such as sports facilities, tourism services, etc
- 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 2011 £'000	31 March 2010 £'000
Not later than one year	522	549
Later than one year and not later than five years	1,866	1,924
Later than five years	<u>24,446</u>	<u>24,903</u>
	<u>26,834</u>	<u>27,376</u>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into. There were no material contingent rents receivable by the Council under operating leases for 2009/10 and 2010/11.

The carrying value of assets where the Council is lessor under an operating lease is as follows:

	31 March 2011 £'000	31 March 2010 £'000
Other Land and Buildings - Gross Book Value	10,002	9,641
Other Land and Buildings - Accumulated Depreciation	<u>(263)</u>	<u>(189)</u>
Other Land and Buildings - Net Book Value	<u>9,739</u>	<u>9,452</u>

NOTES TO CORE FINANCIAL STATEMENTS

37 Impairment Losses

During 2010/11, the Council has recognised the following impairment losses in the Comprehensive Income and Expenditure Statement:

Impairment Loss	Comprehensive Income & Expenditure Line	31 March 2011 £'000
Normanston Park Tennis Pavilion - Burnt down	Cultural, Environmental, Regulatory & Planning	3
Normanston Park Tennis Courts - Correction to 2009/10 impairment	Cultural, Environmental, Regulatory & Planning	(39)
Greenhouses, Nursery - Demolished following vandalism	Cultural, Environmental, Regulatory & Planning	238
Capital Works not adding value - General Fund	Various lines	1,688
Capital Works not adding value - Housing Revenue Account	Housing Revenue Account	4,152
		<u>6,042</u>

The recoverable amount of these assets has been reduced to its value in use and the impairment loss charged to the appropriate line in the Comprehensive Income and Expenditure Statement.

In addition the following Valuation Losses have also been written down to the Comprehensive Income and Expenditure Statement in the year:

Valuation Loss	Comprehensive Income & Expenditure Line	31 March 2011 £'000
General Fund valuations	Various lines	5,014
Housing Revenue Account valuations	Housing Revenue Account	16
Housing Revenue Account - Council Dwelling valuations	Exceptional Items	10,279
Housing Revenue Account - Change in Social Housing Discount %	Exceptional Items	31,704
		<u>47,013</u>
Total valuation / impairment losses charged to the Comprehensive Income and Expenditure Statement		<u>53,055</u>

NOTES TO CORE FINANCIAL STATEMENTS

38 Termination Benefits

The Council terminated the contracts of employment for 16 employees in 2010/11, incurring General Fund liabilities of £98,079 (chargeable to the Consolidated Income & Expenditure Account), (£948,951 for 26 staff in 2009/10 funded from capital) for redundancy and associated pension costs. No amounts were payable during 2010/11 to any designated senior officer, in the form of compensation for loss of office and enhanced pension benefits, but payments totalling £116,295 were made to 3 senior officers in 2009/10, as disclosed in [Note 32](#) earlier in this Statement.

In addition one member of staff was retired on ill-health grounds during 2010/11 and the additional costs not payable by the Pension Fund, totalling £2,709, were charged to the General Fund.

Additionally contracts of employment for 3 HRA staff were terminated, and were paid a total of £14,778 redundancy and associated pension costs. These costs were charged to the Housing Revenue Account (HRA) Consolidated Income & Expenditure Account (2009/10 £36,900 for 6 housing staff).

In addition one member of staff was retired on ill-health grounds during 2010/11 and the additional costs, not payable by the Pension Fund, totalling £157,310, were charged to the HRA.

39 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.

NOTES TO CORE FINANCIAL STATEMENTS

Transactions relating to post employment benefits

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

Comprehensive Income and Expenditure Statement	2010/11 £'000	2009/10 £'000
<i>Cost of Services:</i>		
Current service cost	1,992	1,150
Past Service cost	(11,509)	134
Settlements and Curtailments	169	360
<i>Financing and Investment Income and Expenditure</i>		
Interest cost	6,522	5,532
Expected return on scheme assets	(5,137)	(3,527)
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	<u>(7,963)</u>	<u>3,649</u>
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
Actuarial (gains) and losses	(22,896)	28,722
	<u>(22,896)</u>	<u>28,722</u>
<i>Movement in Reserves Statement</i>		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	7,963	(3,649)
<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>		
Employers' contributions payable to scheme	3,331	3,904
<i>Pensions Reserve appropriation</i>	<u>11,294</u>	<u>255</u>
The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to 31 March 2011 is a loss of £21.308m (£44.208m loss at 31 March 2010)		

NOTES TO CORE FINANCIAL STATEMENTS

Reconciliation of present value of the scheme liabilities (defined benefit obligation):		
	2010/11	2009/10
	£'000	£'000
Opening balance 1 April	128,285	80,985
Current service cost	1,992	1,150
Interest cost	6,522	5,532
Contributions by scheme participants	613	666
Actuarial gains and losses	(21,163)	43,429
Benefits paid	(4,373)	(3,971)
Settlements and curtailments	169	360
Past service costs	(11,509)	134
Closing balance at 31 March	<u>100,536</u>	<u>128,285</u>
Reconciliation of fair value of the scheme (plan) assets:		
	2010/11	2009/10
	£'000	£'000
Opening balance 1 April	73,666	54,833
Expected rate of return	5,137	3,527
Actuarial gains and losses	1,733	14,707
Employer contributions	3,331	3,904
Contributions by scheme participants	613	666
Settlements	-	-
Benefits paid	(4,373)	(3,971)
Closing balance at 31 March	<u>80,107</u>	<u>73,666</u>

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

The actual return on scheme assets in the year was a gain of £5.293m (2009/10: gain of £18.234m).

In the UK budget statement on 22 June 2010 the Chancellor announced that with effect from 1 April 2011 public service pensions would be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI). This has the effect of reducing the Council's liabilities in the Pension Fund by £11.509m and has been recognised as a past service gain in 2010/11 in accordance with guidance set down in UITF Abstract 48, since the change is considered to be a change in benefit entitlement. There is no impact upon the General Fund or Housing Revenue Account balance as a result of this change.

NOTES TO CORE FINANCIAL STATEMENTS

Scheme history - Local Government Pension Scheme

	Year to 31 Mar '11 £'000	Year to 31 Mar '10 £'000	Year to 31 Mar '09 £'000	Year to 31 Mar '08 £'000	Year to 31 Mar '07 £'000
Present value of liabilities	(100,536)	(128,285)	(80,985)	(88,634)	(103,557)
Fair value of assets	80,107	73,666	54,833	77,005	85,808
Surplus/(deficit) in the scheme	<u>(20,429)</u>	<u>(54,619)</u>	<u>(26,152)</u>	<u>(11,629)</u>	<u>(17,749)</u>

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £20.429m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council is not significantly affected. The deficit on the scheme is being reduced by increased contributions

The total contributions expected to be made to the Pension Scheme by the council in the year to 31 March 2012 is £3,122,000.

NOTES TO CORE FINANCIAL STATEMENTS

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31 March 2010.

The principal assumptions used by the actuary have been:

	2010/11	2009/10
Long-term expected rate of return on assets in the scheme:		
Equity investments	7.5%	7.8%
Bonds	4.9%	5.0%
Property	5.5%	5.8%
Cash	4.6%	4.8%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.4	20.8
Women	23.3	24.1
Longevity at 65 for future pensioners:		
Men	23.7	22.3
Women	25.7	25.7
Rate of inflation	3.6%	3.8%
Rate of increase in salaries	5.1%	5.3%
Rate of increase in pensions	2.8%	3.8%
Rate for discounting scheme liabilities	5.5%	5.5%
Take-up of option to convert annual pension into retirement lump sum	25%	25%

NOTES TO CORE FINANCIAL STATEMENTS

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

	31 March 2011 %	31 March 2010 %
Equity investments	69	68
Bonds	18	20
Property	9	9
Cash	4	3
	100	100

History of experience gains and losses

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

	Year to 31 Mar '11 %	Year to 31 Mar '10 %	Year to 31 Mar '09 %	Year to 31 Mar '08 %	Year to 31 Mar '07 %
Differences between the expected and actual return on assets	2.1	20.0	(39.8)	(20.3)	0.9
Experience gains/(losses) on liabilities	10.6	-	-	6.2	-

NOTES TO CORE FINANCIAL STATEMENTS

40 Contingent Liabilities

At 31 March 2011, the Authority had the following material contingent liabilities:

In 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 2011 claims settled for this Council amounting to £313k could be the subject of a reclaim at a future date. However, the latest position received from MMI is that the Company's solvency (previously a solvent run-off had been projected) is dependent on a successful result to the litigation and also resolution of the many uncertainties surrounding the "Incurred But Not Recorded" (IBNR) provision, including numbers of future claims and inflation rates as well as future investment returns.

An appeal to the Supreme Court is pending by MMI against a Court of Appeal judgement dated 8 October 2010 relating to Employer's Liability policy wording. Estimated outstanding claims as at 31 March 2011 totalled £40,824 (2009/10 £10,800) relating to 2 Employer's Liability claims.

The Council is in legal negotiations regarding the lack of access to a car park that it leases from a charity. Discussions regarding the purchase of the access are ongoing but expected to be concluded during 2011/12.

A claim has been received in respect of a contract for kitchen extensions, however no provision has been recognised in the Accounts as much of the claim is disputed and so the claim will be defended.

A potential claim in connection with the SLP/Ness Point wind turbine has recently been made in respect of third party access and right of way, and is currently being investigated by the Council's legal department. No significant expenditure is anticipated.

HM Revenue and Customs (HMRC), in March 2010, agreed an amount to be refunded of £574,239 plus interest of £552,282, (reduced by a fee payable to the Council's VAT advisors), which was accounted for in the 2009/10 financial year. The Council's VAT consultants have advised that it is still possible that HMRC may seek to recover all or part of the above refund if further information comes to light over the next year.

NOTES TO CORE FINANCIAL STATEMENTS

41 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 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 recently 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.

NOTES TO CORE FINANCIAL STATEMENTS

42 Nature and Extent of Risks Arising from Financial Instruments

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

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

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the 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 £5m of its surplus balances to any one counter-party (or £8 million within any one financial company group), thus limiting its exposure to failure of any financial institution.

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

Financial Asset Category	Criteria	Maximum Investment
Deposits with UK Banks	Short Term	£5m (£8m group)
	Long Term: AA- 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	50% of holdings
Deposits with Non-UK Banks	Short Term	£3m (max 20% 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.

NOTES TO CORE FINANCIAL STATEMENTS

The historical experience of financial asset write offs for 2010/11 was £37k (2009/10 £115k) and the provision carried in the balance sheet as at 31 March 2011 was £320k against a total sundry debt of £1,731k (31 March 2010 - provision of £163k against total debt of £4,386k).

The Council does not generally allow credit for customers, such that £637k of the £1,731k balance is past its due date for payment. The past due amount can be analysed by age as follows:

	£000
Not Due (0 to 30 days)	1,094
One to three months	78
Three to six months	99
Six months to one year	168
More than one year	292
	1,731

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:

	Upper Limit	Lower Limit	Actual
Maturity of Fixed Rate Debt:	%	%	31/03/11 %
Under 12 months (see note below)	20%	0%	48%
12 months and within 24 months	50%	0%	24%
24 months and within 5 years	75%	0%	0%
5 years and within 10 years	75%	0%	0%
10 years and within 20 years	75%	0%	14%
20 years and within 40 years	100%	0%	0%
40 years and above	100%	10%	14%

Note - the upper limit for "under 12 months" was revised to 50% in January 2011 to reflect the maturity of two loans within 2011/12.

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

NOTES TO CORE FINANCIAL STATEMENTS

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
- 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 or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of 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 2010/11 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	100
Increase in interest receivable on variable rate investments	(207)
Impact on Surplus or Deficit on the Provision of Services	(107)
Share of overall impact debited to the HRA	61

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 £70k as the interest rate as at 31 March 2011 was just 0.7%.

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.

43 Interests in Companies and Other Entities

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

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

Under International Financial Reporting Standards, the Code focuses on the 'power' to participate in the financial and operating policy of the investee rather than as previously on 'the ability to exercise' significant influence.

Having considered the change in the Accounting Standards 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.

In previous years this company has been treated as a simple investment, but due to the change in the Group Boundary definition under IFRS, it is considered that the Council has the 'power' to participate in operating decisions. On that basis, group accounts have been prepared based on the requirements of the CIPFA Code, incorporating 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.

NOTES TO CORE FINANCIAL STATEMENTS

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 (W.N.L),
- 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 capital of Norse Group Limited,
- 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 W.N.L 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 W.N.L were £8,357k in 2010/11 (£7,059k in 2009/10) and included in the Accounting Statements as follows:

	2010/11	2009/10
	£'000	£'000
Corporate and Democratic Core	1	1
Cultural and Related Services	1,750	1,841
Environmental Services	5,222	3,718
Planning and Development Services	99	127
Highways, Roads and Transport	726	884
General Fund Housing	1	1
Housing Revenue Account	558	481
Social Services	0	5
Capital Expenditure	0	1
	8,357	7,059

NOTES TO CORE FINANCIAL STATEMENTS

i) Details of the Company's annual financial results to January 2011 are set out below:

	2011	2011	2010	2010
	Waveney	Council	Waveney	Council
	Norse	Investment	Norse	Investment
	£000	(19.9%)	£000	(19.9%)
	£000	£000	£000	£000
Current Assets				
Stock	120	24	47	9
Debtors	1,489	296	1,442	287
Cash at Bank	22	4	7	1
Gross Assets	1,631	324	1,496	297
Creditors falling due within one year	(1,355)	(270)	(1,321)	(263)
Net Assets / Shareholder's Funds	276	54	175	34
Turnover	9,925	1,975	9056	1,802
Profit on ordinary activity before taxation	123	24	130	26
Tax on profit on ordinary activity	(22)	(4)	(43)	(9)
Profit for the Financial Period	101	20	87	17
<u>Tax components included in the above figures are as follows:</u>	£000	£000	£000	£000
Debtors				
- Deferred Tax asset	21	4	2	-
Creditors falling due within one year				
- Corporation Tax	42	8	29	6
Tax on profit on ordinary activity				
- Current Tax	-41	(8)	-42	(9)
- Deferred Tax	19	4	-1	-
	(22)	(4)	(43)	(9)

NOTES TO CORE FINANCIAL STATEMENTS

44 Prior Period Adjustments - IFRS1 - First Time Adoption

The adoption of International Financial Reporting Standards (IFRS) as part of the CIPFA Code of Practice for 2010/11 has resulted in a number of changes in Accounting Policies and accounting entries from those supporting the 2009/10 Statement of Accounts. Under the IFRS Code, such changes in accounting policies require retrospective adjustment to the prior year comparator information "as if the new policies had always been applied", unless the Code stipulates specific transitional arrangements.

Consequently, a number of restatements have been made to balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/10 as approved by Council in September 2010. Explanations of the adjustments made to the 2009/10 Accounts are provided below, together with an analysis of restatements to the Balance Sheet and the Comprehensive Income and Expenditure Statement.

Grants and Contributions

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

- * The balance on the Government Grants Deferred Account at 31 March 2009 has been transferred to the Capital Adjustment Account in the opening 1 April 2009 Balance Sheet.
- * Portions of government grants deferred were previously recognised as income in 2009/10; these have been removed from the Comprehensive Income and Expenditure Statement (CIES) in the comparative figures.
- * Capital grants and contributions (including section 106 contributions) that have unsatisfied conditions at the Balance Sheet date have been reflected as Receipts in Advance in the Liabilities section of the Balance Sheet
- * Capital grants and contributions received with no conditions have been included in the CIES as income from Non-specific grants. Note that there is no consequential change to the General Fund Balance, as capital grant income is transferred out of the General Fund under both the previous and the current accounting policies.
- * Revenue grants previously recognised as receipts in advance in the Balance Sheet have been transferred to the CIES where no conditions were outstanding at the Balance Sheet date. The net change on the General Fund balance was a credit of £72k at 1 April 2009 and a net credit of £4k at 31 March 2010, increasing the balance on the fund at 31 March 2010 from £1.996m (Audited 2009/10 accounts) to £2.000m for the restated accounts. The unspent balance of the £4k grant has been transferred to an earmarked revenue reserve at 31 March 2011.

NOTES TO CORE FINANCIAL STATEMENTS

Fixed Assets

The main changes in the Code are a tightening of the definition of Investment Properties, the introduction of a new asset category "Assets Held for Sale", an increased focus on the recognition of component assets, and some changes in the terminology, most notably that most assets now fall under the category "Plant, Property and Equipment" (PPE).

Following a review of all assets previously recognised as Investment Properties, none of them satisfy the revised definition. All assets in that category have been transferred to PPE. As these PPE assets must be depreciated, additional depreciation charges of £103k have been reflected as additional charges to the Cost of Services in 2009/10. However, as with the previous policies, depreciation charges do not fall on the taxpayer and are removed from the General Fund balance.

A number of assets have been transferred to Current Assets Held for Sale, where the strict definition under the Code has been met. Assets Held for Sale are not depreciated, and adjustments to depreciation have been made in respect of these assets within 2009/10. The former category of Surplus Assets now forms part of PPE.

Where assets have changed category as a result of adopting the IFRS Code, some valuations have been required to reflect the change in category. Adjustments have been made to valuations and impairment through valuation loss, adjusted against the Revaluation Reserve and / or the CIES as required. Again, impairment charges are reversed from the General Fund balance to ensure no impact on taxpayers.

The Code's requirement to recognise component assets (where any component would have a materially different depreciation pattern to the main asset) did not require retrospect adjustment. Officers have reviewed all assets for likely components at 31 March 2010 and no material components have been identified. No adjustments have therefore been made to the 2009/10 accounts in this regard.

Other Items

Although Grants and Fixed Assets were the only material adjustments to the 2009/10 accounts following the introduction of the IFRS Code, two other minor presentational changes have also been required:

Cash Equivalents - An element of short-term investments meets the Code's definition of Cash Equivalents (specifically monies held on deposit in "call accounts"). These monies are presented along with cash balances under the Code, and adjustments have been made to both Cash and Investments accordingly. Movements in Cash and Cash Equivalents during the year are presented in the Cash Flow Statement.

Provisions - Formerly only shown as part of Long-term Liabilities, any provisions anticipated to be called on within one year are now recognised as part of Current Liabilities. A £200k adjustment was made to the 1 April 2009 balance but no adjustment was required at 31 March 2010.

NOTES TO CORE FINANCIAL STATEMENTS

Summary of IFRS Restatements - Balance Sheet

	Balance Sheet at 1 April 2009					Balance Sheet at 31 March 2010					
	2009/10	Grants &	Fixed	Other	IFRS	2009/10	Grants &	Fixed	Other	01/04/09	IFRS
	Statements	Conts.	Assets	Items	Accounts	Statements	Conts.	Assets	Items	Changes	Accounts
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Property, Plant & Equipment	282,837		6,559		289,396	278,625		(204)	1	6,559	284,981
Intangible Fixed Assets	855				855	916				-	916
Investment Property	3,257		(3,257)		-	4,788		(1,531)		(3,257)	-
Surplus Assets (SORP)	3,935		(3,935)		-	3,216		719		(3,935)	-
Other Long Term Assets	833				833	686				-	686
Investments	21,185			(1,624)	19,561	9,684			1,014	(1,624)	9,074
Assets Held for Sale	-				-	-		788		-	788
Cash & Cash Equivalents	-			1,501	1,501	-			(1,217)	1,501	284
Other Current Assets	8,099				8,099	12,174				-	12,174
Creditors	(10,322)	1,215			(9,107)	(7,585)	(387)			1,215	(6,757)
Grants / Conts Reserve	(462)	462			-	(1,465)	1,003			462	-
Grants Received in Advance	-	(1,222)			(1,222)	-	(759)			(1,222)	(1,981)
Cash Overdrawn	(123)			123	-	(326)			203	123	-
Other Current Liabilities	-			(200)	(200)	(9)			200	(200)	(9)
Grants / Conts Deferred	(16,973)	16,973			-	(15,701)	(1,272)			16,973	-
Other Long Term Liabilities	(77,594)	-		200	(77,394)	(89,131)	-		(200)	200	(89,131)
Total Net Assets	215,527	17,428	(633)	-	232,322	195,872	(1,415)	(228)	1	16,795	211,025
Revaluation Reserve	(5,377)		(572)		(5,949)	(8,013)		142		(572)	(8,443)
Capital Adjustment Account	(235,559)	(16,973)	1,205		(251,327)	(234,729)	1,272	86		(15,768)	(249,139)
Other Unusable Reserves	26,052				26,052	55,721				-	55,721
Capital Grants Unapplied	-	(383)			(383)	-	75		(1)	(383)	(309)
General Fund Balance	8,706	(72)			8,634	(1,996)	68			(72)	(2,000)
Other Usable Reserves	(9,349)				(9,349)	(6,855)				-	(6,855)
Net Worth	(215,527)	(17,428)	633	-	(232,322)	(195,872)	1,415	228	(1)	(16,795)	(211,025)

NOTES TO CORE FINANCIAL STATEMENTS

Summary of IFRS Restatements - Comprehensive Income and Expenditure Statement 2009/10

	2009/10 Statements £'000	Grants & Conts. £'000	Fixed Assets £'000	Other Items £'000	IFRS Accounts £'000
Central Services to the Public	2,065	63			2,128
Cultural, Environmental, Regulatory and Planning Services	11,932	793	64		12,789
Highways and Transport Services	284	42	9		335
Housing Revenue Account	2,129		32		2,161
Other Housing Services	531				531
Social Services	83		4		87
Corporate and Democratic Core	2,699				2,699
Non-Distributed Costs	494		(22)		472
Exceptional Items	(9,421)				(9,421)
Cost of Services	10,796	898	87	-	11,781
Other Operating Expenditure	839				839
Financing and Investment Income and Expenditure	3,688				3,688
Taxation and Non-Specific Grant Income	(17,932)	(193)			(18,125)
(Surplus) or Deficit on Provision of Services	(2,609)	705	87	-	(1,817)
Surplus or deficit on revaluation of fixed assets	(6,458)	708	142		(5,608)
Actuarial gains/losses on pension assets/liabilities	28,722				28,722
Total Comprehensive Income and Expenditure	19,655	1,413	229	-	21,297

NOTES TO CORE FINANCIAL STATEMENTS

45 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:

	2010/11 £'000	2009/10 £'000
Banks	155	224
Building Societies	68	125
Interest on other loans/leases	30	34
	253	383
Less credited to Section 106 agreements and other interest repayments	-	-20
Plus interest on VAT refund from Fleming Case	-	552
	253	915

NOTES TO CORE FINANCIAL STATEMENTS

46 Long Term Investments

	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
Government stocks	3	3	3
Other Public Authorities	7	7	7
	10	10	10

47 Long Term Debtors

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

	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
Other Local Authorities	354	367	381
Loans to Third Parties	87	87	87
Finance Leases	175	208	328
Mortgagors:			
Housing Associations	-	-	10
Sale of Council Houses	4	6	7
Other Private Borrowers	2	8	10
	622	676	823

48 Long Term Creditors and Deferred Capital Receipts

	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
<u>Deferred Capital Receipts</u>			
Council House Mortgages	4	6	7
<u>Long Term Creditors</u>			
Finance Leases	694	694	1,873
	694	694	1,873

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

NOTES TO CORE FINANCIAL STATEMENTS

49 Charity Accounts and Trust Funds

Trust Funds

The transactions were as follows:-

	Balance 1 Apr 10 £'000	Income £'000	Expenditure £'000	Balance 31 Mar 11 £'000
General Emergency Fund <i>Provides emergency assistance to residents of Lowestoft who are in need, hardship or distress.</i>	2.6	-	(2.6)	-
Marie Jemima Pipe Charity <i>Provides relief for the poor and needy fishermen of Lowestoft.</i>	49.0	3.7	(2.3)	50.4
Rists Christmas Fund <i>Provides food parcels to residents of Oulton Broad at Christmas.</i>	5.8	0.2	(6.0)	-
	<u>57.4</u>	<u>3.9</u>	<u>(10.9)</u>	<u>50.4</u>

General Emergency and Rists Christmas Funds were wound up during the year with all funds discharged to local organisations. Work is ongoing to transfer the running of the Marie Jemima Pipe Charity to an appropriate charitable institution.

NOTES TO CORE FINANCIAL STATEMENTS

Charity Accounts	Income £'000	Expenditure £'000	Council's Contribution £'000 2010/11	Council's Contribution £'000 2009/10
Bungay Town Sports Association <i>Provides recreational facilities in the town of Bungay and the surrounding district</i>	-	15.0	15.0	15.0
Halesworth Rifle Hall <i>Provision of a village hall for the benefit of the inhabitants of Halesworth and its immediate vicinity</i>	1.4	203.8	202.4	5.4
Halesworth Swimming Pool <i>Provision of a public swimming pool for the inhabitants of Halesworth and the immediate vicinity</i>	-	28.7	28.7	21.6
Nicholas Everitt Park <i>Provides an open space for people of the Lowestoft area</i>	13.9	245.2	231.3	97.8
Frank Thomas Arnold Bequest <i>Provision of facilities for recreation or other leisure time occupation for the inhabitants of the former Borough of Lowestoft</i>	-	12.0	12.0	-
	15.3	504.7	489.4	139.8

The between year increase in the council's contribution is in the main arising from impairment charges on Halesworth Rifle Hall and the bowls pavilion at Nicholas Everitt Park.

	Assets £'000	Liabilities £'000
Bungay Town Sports Association	-	-
Halesworth Rifle Hall	19.5	-
Halesworth Swimming Pool	-	-
Nicholas Everitt Park	230.2	-
Frank Thomas Arnold Bequest	17.8	-
	267.5	-

NOTES TO CORE FINANCIAL STATEMENTS

50 Longer Term Borrowings	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
Analysis by Lender:			
Public Works Loan Board	21,011	31,011	37,512
Analysis by Maturity:			
Repayable within			
2 years	5,000	10,000	1
2 to 5 years	1	5,001	25,001
5 to 10 years	10,003	10,003	2
over 10 years	6,007	6,007	12,508
	21,011	31,011	37,512
Fair Value of PWLB Loans at the year-end	33,097	33,340	41,954

For 2010/11 £10m of Long Term Debt is repayable within 1 year and included within Short-Term Borrowings in the Balance Sheet.

HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) records all income and expenditure on the Council's statutory function with regard to the provision of housing accommodation and associated services.

	HRA Note	2010/11 £'000	2009/10 £'000
Income			
Gross Rental Income:			
- Dwelling Rents	1	14,382	14,267
- Non-Dwelling Rents		198	198
Charges for Services and Facilities	2	970	974
		15,550	15,439
Expenditure			
Repairs, Maintenance and Management:			
- Repairs and Maintenance	3	3,177	3,005
- Supervision and Management		3,104	3,412
- Redundancy and Associated Pension Costs		172	37
Rents, rates and other charges		51	58
Negative Subsidy	11	4,101	3,571
Increase in Bad Debts Provision		83	47
Depreciation of Fixed Assets			
- Dwellings	13	2,964	2,961
- Other Assets	13	417	379
Impairment of HRA Assets	13	46,151	4,118
Debt Management Costs	6	11	12
		60,231	17,600
Cost of HRA Services included in the CIES		44,681	2,161
- Corporate and Democratic Core Contribution		72	60
Net Cost of HRA Services		44,753	2,221
HRA share of CIES operating income and expenditure:			
- Gains/losses on the disposal of non current assets	14	(157)	(32)
- Interest payable and similar charges	6	345	435
- Pensions Cost Contribution	9	511	495
- Interest receivable and similar income		(44)	(75)
		45,408	3,044
(Surplus) or Deficit on Provision of HRA Services		45,408	3,044
Total Comprehensive Income and Expenditure		45,408	3,044
Adjustments between accounting basis and funding basis under regulations (note 6 to Core Statements)		(45,398)	(2,677)
Movement in HRA Balance for the Year		10	367
HRA Balance brought forward		(4,013)	(4,380)
HRA Balance carried forward		(4,003)	(4,013)

NOTES TO THE HOUSING REVENUE ACCOUNT

1 Dwelling Rents

2010/11 **2009/10**

The account shows the rent due in the year after allowing for voids and other losses in collection.

Average rent per week (£)	£60.25	£59.37
Rent arrears at 31 March (£'000)	392	493
Rent arrears at 31 March as % of the gross rent collectable	2.5%	3.2%
Provision for bad debts at 31 March (£'000)	402	319

2 Charges for Services and Facilities

These charges relate to heating, warden and other communal services provided to residents in sheltered accommodation. They also include charges to tenants for community alarm systems and central heating servicing.

3 Housing Repairs and Maintenance

Expenditure on repairs and maintenance can be seen on the face of the HRA Income & Expenditure Account and for 2010/11 this amounted to £3,177k compared to the Original Budget of £3,427k (£3,005k in 2009/10).

4 Major Repairs Reserve

Movements and balances in the Major Repairs Reserve are detailed in the Movement in Reserves Statement and [Note 6](#) to the Core Statements.

5 Capital Receipts - Disposal of Council Dwellings

2010/11 **Amended
2009/10**

Capital receipts from sales of council houses can be summarised as follows:

- Number of disposals	8	4
- Value of disposals (£'000)	509	194

6 Capital-Related Charges

2010/11 **2009/10**
£'000 **£'000**

Depreciation Charge	3,381	3,340
Revenue Expenditure funded by Capital under Statute (reversed)	8	9
Debt Management Expenses	11	12
Item 8 Debit - Interest	345	435
Housing Subsidy - Major Repairs Allowance	(2,964)	(2,961)
Transfer to Capital Financing Account via MRR	417	(379)

Revenue Expenditure funded by Capital under Statute (REFCuS) relates to Telephone Helpline Grants.

NOTES TO THE HOUSING REVENUE ACCOUNT

7 Capital Expenditure funded by the HRA

Capital expenditure which cannot be financed from other sources is funded by revenue contributions. The original budget provision made in 2010/11 for a direct financing contribution was £779k and the actual amount was £828k. (2009/10 figures were Budget of £1,050k and £1,453k actual).

8 Housing Stock

The stock of dwellings has changed as follows:

	2010/11	2009/10
Opening stock of dwellings	4,597	4,645
Add: new build/purchases/additions	-	-
Less: sales	(8)	(4)
Less: properties lost to conversion, disposal and deletion	(3)	(44)
Closing stock of dwellings	<u>4,586</u>	<u>4,597</u>
Analysis of closing stock numbers:		
Houses	2,137	2,145
Bungalows	1,142	1,142
Flats	1,307	1,310
	<u>4,586</u>	<u>4,597</u>

9 HRA 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 39](#) to the Core Financial Statements for a fuller explanation.

NOTES TO THE HOUSING REVENUE ACCOUNT

10 Capital Expenditure

	2010/11 £'000	2009/10 £'000
Dwellings	4,152	4,960
Vehicles	-	139
Equipment - Funded from Capital under Statute	8	9
IT Infrastructure	65	188
	4,225	5,296
Financed by:		
Borrowing		
Useable capital receipts		
Revenue Contributions	828	1,453
Major Repairs Reserve	3,388	3,881
Grants and Contributions	9	-
Other Financing Adjustments	-	(38)
	4,225	5,296

11 Housing Subsidy

The HRA Subsidy payable to the Government is split into the following elements:

	2010/11 £'000	2009/10 £'000
Management and Maintenance	6,634	6,619
Capital Charges	752	906
Rent Income	(14,425)	(13,993)
Interest	-	(1)
Prior Years Adjustments	(26)	(63)
Negative Subsidy	(7,065)	(6,532)
Major Repairs Allowance (MRA) - Grant Received	2,964	2,961
HRA Subsidy Payable to the Government	(4,101)	(3,571)

NOTES TO THE HOUSING REVENUE ACCOUNT

12 Fixed Assets	31 March 2011 £'000	Amended 31 March 2010 £'000
Council Dwellings - Balance Sheet Value	176,637	221,097
Other Land and Buildings	1,971	2,442
Total Balance Sheet Value of HRA Fixed Assets	178,608	223,539
Dwellings- Vacant Possession Value	452,916	480,645

The Balance Sheet Value for the dwellings is the 'Existing Use-Social Housing Value' (EUV-SH) and reflects the fact that the dwellings are occupied by secure tenants. The Vacant Possession Value for the dwellings is equivalent to the open market value. The difference between the two values shows the economic cost to Government of providing council housing at less than the open market value.

A decrease in the overall valuation of each Beacon Group has resulted in £1.981m of the valuation loss being taken to the Revaluation Reserve. The balance of the revaluation loss of £41.983m has been impaired to the HRA Income and Expenditure Statement.

NOTES TO THE HOUSING REVENUE ACCOUNT

13 Depreciation

	2010/11	2009/10
	£'000	£'000
HRA accounting authorities are required to show depreciation charges for all of the HRA's fixed assets.		
Dwellings	2,964	2,961
Other HRA property	417	379
Impairment of Capital Improvements charged to the Comprehensive Income and Expenditure Statement	46,151	4,118
	<u>49,532</u>	<u>7,458</u>

The HRA includes a depreciation allowance for dwellings that is the equivalent of the Major Repairs Allowance. This estimate has been used as representing the most accurate measure of depreciation available for dwellings. The MRA has been proved to be an accurate estimate of depreciation, given the value of the assets involved and a reasonable estimate of the average useful life of approximately 48 years.

The depreciation charge in respect of 'Other HRA Property' is included in the Surplus / Deficit on the Provision of services but is reversed out in the Movement in Reserves Statement because, unlike the charge for HRA dwellings, it is not funded by the MRA.

The 2010/11 financial results include £46.151m (2009/10 £4.118m) for Impairment of HRA Assets charged to the Comprehensive Income and Expenditure Statement. Of this impairment figure £41.983m relates to the Revaluation Loss and £4.168m reflects the cost of enhancement works that do not add to the overall valuation of the council housing stock in the Balance Sheet. The impairment figure is reversed out in the Movement in Reserves Statement and therefore does not affect the overall working balance of the HRA.

14 Gain / Loss on Disposal of Fixed 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.

15 Redundancy Payments

Charged to the HRA Income and Expenditure Account are payments totalling £14,778 in respect of voluntary redundancy for 3 housing staff and £157,310 for an ill-health payment to the Pension Fund in 2010/11 (2009/10 £36,900 for 6 staff).

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

The Collection Fund Statement is an agent's statement that reflects the statutory obligation for Billing Authorities to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR).

	Coll Fund Notes	2010/11 £'000	2009/10 £'000
Income			
Income from Council Tax	1	48,093	47,172
Transfer from General Fund - Council Tax Benefits	2	10,005	9,186
Income collectable from Business Ratepayers	3	22,856	24,039
		80,954	80,397
Expenditure			
Precepts and Demands:			
- Suffolk County Council		44,915	43,779
- Suffolk Police Authority		6,408	6,210
- Waveney District Council		6,338	6,133
Business rates:			
- Payment to National Pool	3	22,652	23,834
- Cost of Collection Allowance	3	204	205
Bad and Doubtful Debts:			
- Write Offs	5	130	117
- Change in Bad Debt Provision	5	140	240
Share of previous years' Collection Fund Surplus / (Deficit)			
- Suffolk County Council	4	-	(260)
- Suffolk Police Authority		-	(36)
- Waveney District Council		-	(36)
		80,787	80,186
Deficit / (Surplus) for Year		(167)	(211)
Balance brought forward - (Surplus) / Deficit		(115)	96
Balance carried forward - (Surplus) / Deficit		(282)	(115)

NOTES TO THE COLLECTION FUND

1 Income from Council Tax

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

	2010/11	2009/10
	£	£
The average Band D Council Tax set was:	1,446.25	1,430.34

	Chargeable dwellings	Band D Equivalents
The Council estimated its Tax Base for 2010/11 as follows:		
Valuation Band		
A	15,542	10,355
B	13,481	10,485
C	9,357	8,317
D	5,746	5,746
E	2,677	3,272
F	888	1,283
G	513	855
H	31	62
	<u>48,235</u>	<u>40,375</u>
Less:		
Provision for bad and doubtful debts (1.25%)		(505)
		<u>39,870</u>
Tax Base 2010/11 (Band D equivalents)		

	2010/11	2009/10
	£'000	£'000
The income from Council Tax can be analysed as follows:		
Gross amounts charged	65,789	63,888
Less: exemptions, discounts and reliefs	(7,691)	(7,530)
Council Tax Benefits	(10,005)	(9,186)
	<u>48,093</u>	<u>47,172</u>

NOTES TO THE COLLECTION FUND

2 Transfer from General Fund

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

3 Business Rates

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

	2011	2010
The rateable value at 31 March was	£69.5m	£58.0m
The multiplier was	41.4p	48.5p

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

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

5 Movement in Bad Debt Provision

The following changes were made to the provisions for bad debts:

- Council Tax
- Business Rates

	Balance 1 April 2010 £'000	Applied in Year £'000	Change in provision £'000	Balance 1 April 2011 £'000
	1,350	(130)	270	1,490
	267	(79)	91	279
	1,617	(209)	361	1,769

NOTES TO THE COLLECTION FUND

6 Collection Fund Balance

	2010/11	2009/10
	£'000	£'000

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

Surplus / (Deficit) relating to:

Council Tax:

Suffolk County Council
Suffolk Police Authority
Waveney District Council
Total Council Tax

	220	89
	31	13
	31	13
	282	115

Community Charges:

	-	-
	282	115

The balance on the Collection Fund will be taken into account in setting future Council Tax levels from 2012/13. The Council Tax element will be shared by all the authorities which precept on the Collection Fund, in proportion to their precept.

7 Parish / Town Precepts

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

	2010/11	2009/10
	£'000	£'000

Parish and Town Precepts

	445	431
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8 Collection Fund Adjustment Account

The Collection Fund is still maintained as a memorandum account, however the balance relating to Waveney's own share of the surplus / deficit, together with any differences between the Council Tax income for the year and the Statutory precept calculated as part of the budget-setting process is maintained in the Collection Fund Adjustment Account, an unusable reserve in the Council's Balance Sheet. Details of the movement on this fund are included in [Note 24](#) to the Core Financial Statements.

GROUP MOVEMENT IN RESERVES STATEMENT

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

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'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 Reserves £'000
Balance at 31 March 2009	8,634	(1,096)	(4,380)	(2,973)	(900)	(383)	(1,098)	(231,224)	(232,322)	(17)	(232,339)
<u>Movement in reserves during 2009/10</u>											
(Surplus) or deficit on provision of services	(4,861)	-	3,044	-	-	-	(1,817)	-	(1,817)		(1,817)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	23,114	23,114		23,114
Total Comprehensive Income and Expenditure	(4,861)	-	3,044	-	-	-	(1,817)	23,114	21,297	-	21,297
Adjustment between Group and Authority Accounts: - Purchase of Goods and Services from Associate							-	-	-	(17)	(17)
Net (Increase) / Decrease before Transfers	(4,861)	-	3,044	-	-	-	(1,817)	23,114	21,297	(17)	21,280
Adjustments between accounting basis and funding basis under regulations (note 6)	(5,466)	-	(2,677)	920	900	74	(6,249)	6,249	-	-	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(10,327)	-	367	920	900	74	(8,066)	29,363	21,297	(17)	21,280
Transfer to/from Earmarked Reserves (note 7)	(307)	307	-	-	-	-	-	-	-	-	-
(Increase) / Decrease in Year	(10,634)	307	367	920	900	74	(8,066)	29,363	21,297	(17)	21,280
Balance at 31 March 2010 carried forward	(2,000)	(789)	(4,013)	(2,053)	-	(309)	(9,164)	(201,861)	(211,025)	(34)	(211,059)
<u>Movement in reserves during 2010/11</u>											
Surplus or (deficit) on provision of services	(6,317)	-	45,408	-	-	-	39,091	-	39,091		39,091
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	(26,632)	(26,632)		(26,632)
Total Comprehensive Income and Expenditure	(6,317)	-	45,408	-	-	-	39,091	(26,632)	12,459	-	12,459
Adjustment between Group and Authority Accounts: - Purchase of Goods and Services from Associate							-	-	-	(20)	(20)
Net (Increase) / Decrease before Transfers	(6,317)	-	45,408	-	-	-	39,091	(26,632)	12,459	(20)	12,439
Adjustments between accounting basis and funding basis under regulations (note 6)	4,479	-	(45,398)	424	-	190	(40,305)	40,305	-	-	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves	(1,838)	-	10	424	-	190	(1,214)	13,673	12,459	(20)	12,439
Transfer to/from Earmarked Reserves (note 7)	818	(818)	-	-	-	-	-	-	-	-	-
(Increase) / Decrease in Year	(1,020)	(818)	10	424	-	190	(1,214)	13,673	12,459	(20)	12,439
Balance at 31 March 2011 carried forward	(3,020)	(1,607)	(4,003)	(1,629)	-	(119)	(10,378)	(188,188)	(198,566)	(54)	(198,620)

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

	2010/11			2009/10		
	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
Central Services to the Public	13,228	(10,896)	2,332	12,647	(10,519)	2,128
Cultural, Environmental, Regulatory and Planning Services	24,493	(7,373)	17,120	22,747	(9,958)	12,789
Highways and Transport Services	3,361	(2,956)	405	3,385	(3,050)	335
Housing Revenue Account	18,248	(15,550)	2,698	17,600	(15,439)	2,161
Other Housing Services	38,208	(38,317)	(109)	36,447	(35,916)	531
Social Services	280	(5)	275	93	(6)	87
Corporate and Democratic Core	2,578	(332)	2,246	3,901	(1,202)	2,699
Non-Distributed Costs	169	-	169	472	-	472
Exceptional Items (note 8)	30,474	-	30,474	-	(9,421)	(9,421)
Cost of Services	131,039	(75,429)	55,610	97,292	(85,511)	11,781
Other Operating Expenditure (note 9)			699			839
Financing and Investment Income and Expenditure (note 10)			2,243			3,688
Taxation and Non-Specific Grant Income (note 11)			(19,461)			(18,125)
(Surplus) or Deficit on Provision of Services (note 28)			39,091			(1,817)
Share of (Surplus)/Deficit on the Provision of services by Associate (Group Note 2)			(24)			(26)
Tax expenses of Associate (Group Note 2)			4			9
Group (Surplus)/Deficit			39,071			(1,834)
Surplus or deficit on revaluation of non-current assets			(3,736)			(5,608)
Actuarial (gains)/losses on pension assets/liabilities			(22,896)			28,722
Other Comprehensive Income and Expenditure			(26,632)			23,114
Total Comprehensive Income and Expenditure			12,439			21,280

GROUP BALANCE SHEET

The Balance Sheet shows the value of the assets and liabilities recognised by the Council and the Group at the Balance Sheet date. The net assets (assets less liabilities) are matched by the Group's reserves, reported in two categories. Details of the Usable and Unusable Reserves held by the Group are contained within Notes 23 and 24 to the Council's Core Financial Statements and Note 3 to the Group Accounts.

	Note	31st March 2011 £'000	31st March 2010 £'000	1st April 2009 £'000
Property, Plant and Equipment	12	237,212	284,981	289,396
Intangible Assets	14	641	916	855
Long Term Investments	15 + 46	10	10	10
Investment in Associate	Group Note 3	54	34	17
Long Term Debtors	15 + 47	622	676	823
Long Term Assets		238,539	286,617	291,101
Short Term Investments	15	14,102	9,074	19,561
Inventories	16	129	163	183
Short Term Debtors	17	6,153	12,011	7,916
Cash and Cash Equivalents	19	3,066	616	1,630
Current Assets held for sale	18	736	788	-
Current Assets		24,186	22,652	29,290
Cash and Cash Equivalents	19	(1,296)	(332)	(129)
Short Term Borrowing	15 + 50	(10,009)	(9)	-
Short Term Creditors	20	(6,075)	(6,757)	(9,107)
Short Term Provisions	21	-	-	(200)
Short Term Capital Grants Receipts in Advance	22	(1,854)	(1,981)	(1,222)
Current Liabilities		(19,234)	(9,079)	(10,658)
Long Term Creditors	15 + 48	(694)	(694)	(1,873)
Long Term Provisions	21	(1,491)	(2,091)	(11,471)
Long Term Borrowing	15 + 50	(21,011)	(31,011)	(37,512)
Long Term Capital Grants Receipts in Advance	22	(1,246)	(716)	(386)
Other Long Term Liabilities - Pension Liability	39	(20,429)	(54,619)	(26,152)
Long Term Liabilities		(44,871)	(89,131)	(77,394)
Net Assets		198,620	211,059	232,339
Usable reserves	Group Note 3	(10,432)	(9,198)	(1,115)
Unusable reserves	24	(188,188)	(201,861)	(231,224)
Total Reserves		(198,620)	(211,059)	(232,339)

GROUP CASH FLOW STATEMENT

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

	2010/11	2009/10
	£'000	£'000
Net (surplus) or deficit on the provision of services	39,091	(1,817)
Adjust net surplus or deficit on the provision of services for non cash movements (note 25)	(49,575)	4,071
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities (note 26)	754	915
Net cash flows from Operating Activities	(9,730)	3,169
Investing Activities (note 26)	9,807	(7,679)
Financing Activities (note 27)	(1,563)	5,727
Net increase or decrease in cash and cash equivalents	(1,486)	1,217
Cash and cash equivalents at the beginning of the reporting period	(284)	(1,501)
Cash and cash equivalents at the end of the reporting period (note 19)	(1,770)	(284)

NOTES TO GROUP ACCOUNTING STATEMENTS

Note 1 Statement of Accounting Policies

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

Note 2 Group Comprehensive Income and Expenditure Statement

The Group Comprehensive Income and expenditure Statement has been prepared incorporating the Council's share of Waveney Norse's surplus on provision of services and its tax liability. Additional information in respect of Waveney Norse's trading results for the year are contained within Note 43 to the Core Financial Statements.

Note 3 Group Balance Sheet

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

	31st March 2011 £'000	31st March 2010 £'000	1st April 2009 £'000
Waveney Norse - Profit and Loss Reserve (WDC Investment)	(54)	(34)	(17)
Waveney District Council - Usable Reserves (see Note 23)	(10,378)	(9,164)	(1,098)
Total Group Usable Reserves	<u>(10,432)</u>	<u>(9,198)</u>	<u>(1,115)</u>

Additional information in respect of Waveney Norse's assets and liabilities at the Balance Sheet date are contained within Note 43 to the Core Financial Statements.

Note 4 Cash Flow

No adjustment to the Council's Cash Flow Statement is required in respect of its holding in Waveney Norse.

Note 5 Significant Influence

Although the Council have less than a 20% share of Waveney Norse, the assumption that the Council does not have significant influence has been rebutted as a result of the Council's representation on the Waveney Norse board, together with the fact that the majority of Waveney Norse's business is with the Council, which is usually regarded as strong evidence of participation.

Note 6 Reporting Date

Waveney Norse's annual accounts are reported to the end of January each year, two months before those of the Council. This is within the permissible period for consolidation, subject to there being no significant movements within that period. No adjustment has been made to the Norse accounts to make it co-terminus with the Council.

Independent Auditor's Opinion

Independent auditor's report to the Members of Waveney District Council

Opinion on the Authority and Group accounting statements

I have audited the Authority and Group accounting statements of Waveney District Council for the year ended 31 March 2011 under the Audit Commission Act 1998. The Authority and Group accounting 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, the Housing Revenue Account, the Movement on the Housing Revenue Account Statement and the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Waveney District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Director of Resources and auditor

As explained more fully in the Statement of the Director of Resources' Responsibilities, the Director of Resources is responsible for the preparation of the Authority and Group'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. My responsibility is to audit the accounting statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practice's 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 accounting statements sufficient to give reasonable assurance that the accounting 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 Authority and Group; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Independent Auditor's Opinion

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of Waveney District Council's affairs as at 31 March 2011 and of its income and expenditure for the year then ended;
- give a true and fair view of the state of the Group's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

Opinion on other matters

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

Matters on which I report by exception

I have nothing to report in respect of the governance statement on which I report to you if, in my opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

Independent Auditor's Opinion

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

Authority's responsibilities

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.

Auditor's responsibilities

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

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

Basis of conclusion

I have undertaken my audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, as to whether the Authority has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for me to consider under the Code of Audit Practice in satisfying myself whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.

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

Conclusion

On the basis of my work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, I am 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 ending 31 March 2011.

Independent Auditor's Opinion

Certificate

I certify that I have completed the audit of the Authority and Group 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 A Harris

Officer of the Audit Commission

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

30 September 2011

Glossary of Financial Terms

Accounting Period

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

Accruals

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

Area Based Grant

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

Business Rates

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

Capital Adjustment Account

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

Capital Charge

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

Capital Expenditure

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

Capital Receipts

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

Capital Receipts Reserve

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

Collection Fund

This agent fund records the collection of the Council Tax and Non Domestic Rates and its distribution.

Community Assets

Assets that the local authority intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Community Charge

The system of local taxation prior to Council Tax.

Contingent 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 1 April 1993

Council Tax Benefit

See 'Housing Benefits'

Creditors

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

Debt

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

Debtors

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

Deferred Capital Receipts

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

Depreciation

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

Glossary of Financial Terms

Direct Revenue Financing

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

Earmarked Reserves

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

Lowestoft Charter Trustees – The fund is used to cover the Trustees role including mayoral expenses and the purchase of Lowestoft porcelain.

Concessionary Fares Reserve - Resources set aside for any potential liability with a local bus company in respect of the 2009/10 travel scheme. The appeal was lost and the Reserve was closed at 31 March 2011.

Conservation, Planning and Building Control – A statutory fund to ensure that Building Control expenditure works on a break even basis over a rolling three year period, and a fund set up to carry out improvement and maintenance work on Lowestoft Scores

LABGI Fund – Resources put aside from central government, Local Authority Business Growth Incentive grant was to support General Fund activities including regeneration. LABGI ended on 31 March 2008. The Reserve was closed at 31 March 2010.

Leisure Outsourcing Reserve - Resources set aside towards potential legal costs and other services required to achieve any outsourcing of leisure services.

Direct Revenue Financing – Established to finance capital expenditure from revenue and de-minimis capital receipts.

Waveney Campus Financing – Established to support the initial revenue costs arising from the capital scheme. The Waveney Campus project ceased in 2009 and the Reserve was closed at 31 March 2010.

District Elections – Resources earmarked to support costs of future elections.

Private Sector Housing Stock Condition Survey – Resources earmarked for future survey obligation.

Backlog Repairs and Maintenance – Resources earmarked to meet maintenance demands for corporate buildings.

Actuarial Adjustment Reserve - Set up 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 – Established to even out future year's pressures from the final audit of Housing Benefit Subsidy claims.

Land Charges Reserve – Resources earmarked to support the General Fund from losses in future Land Charges income.

Revenue Grants Receipt in Advance Reserve – To match revenue grants received in absence with its related expenditure in subsequent years.

Short Life Asset Reserve – Established 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 benefitting from the use of the asset.

Financial Reporting Standard (FRS)

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

General Fund

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

Government Grants

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

Housing Advances

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

Housing Benefit

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

Glossary of Financial Terms

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.

Housing Subsidy

A government grant to the Housing Revenue Account, calculated in accordance with a formula specified by the Government, which takes account of notional management and maintenance costs, capital charges, rent income and rent rebates.

Impairment

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

Infrastructure Assets

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

International Financial Reporting Standards

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

Leasing or Leases

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

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

Major Repairs Allowance (MRA)

An amount of capital resource required to maintain the housing stock in its current condition.

Major Repairs Reserve (MRR)

A discretionary reserve to which the MRA may be transferred, and that is used to finance major repairs.

Minimum Revenue Provision

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

Net Book Value

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

Non-Current Assets (Fixed Assets)

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

Non Domestic Rates (NDR)

See Business Rates

Non-Domestic Rate Pool

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

Non-Operational Assets

Fixed assets which are held by the Council but which are not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets surplus to requirements, pending sale or redevelopment.

Operational Assets

Fixed assets held and occupied, used or consumed by the Council in the direct delivery of services.

Out-turn

Actual income and expenditure for the end of 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.

Glossary of Financial Terms

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.

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 Inland Revenue for all properties subject to non-domestic rates.

Rent Allowances / Rebates

See 'Housing Benefits'

Revaluation Reserve

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

Revenue Expenditure

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

Revenue Expenditure Funded from Capital under Statute (REFCuS)

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

Revenue Support Grant

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

Section 151 Officer

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

Statement of Standard Accounting Practice (SSAP)

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

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.

Trust Funds

Charities administered by Waveney District Council on behalf of the Lowestoft Charter Trustees. The proceeds of each charity must be used in accordance with the "Objects of the Charity" and do not form part of the Council's finances.

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.

Glossary of Financial Terms

Abbreviations used in the Accounts

CIPFA Chartered Institute of Public Finance and Accountancy

GAAP Generally Accepted Accounting Principles

FRS Financial Reporting Standard

HRA Housing Revenue Account

IFRS International Financial Reporting Standards

LAAP Local Authority Accounting Panel

LGPS Local Government Pension Scheme

MRP Minimum Revenue Provision

NDR Non-Domestic Rates

SOLACE Society of Local Authority Chief Executives

SORP Statement of Recommended Practice

SSAP Statement of Standard Accounting Practice