



STATEMENT OF ACCOUNTS
2003/04

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EXPLANATORY FOREWORD

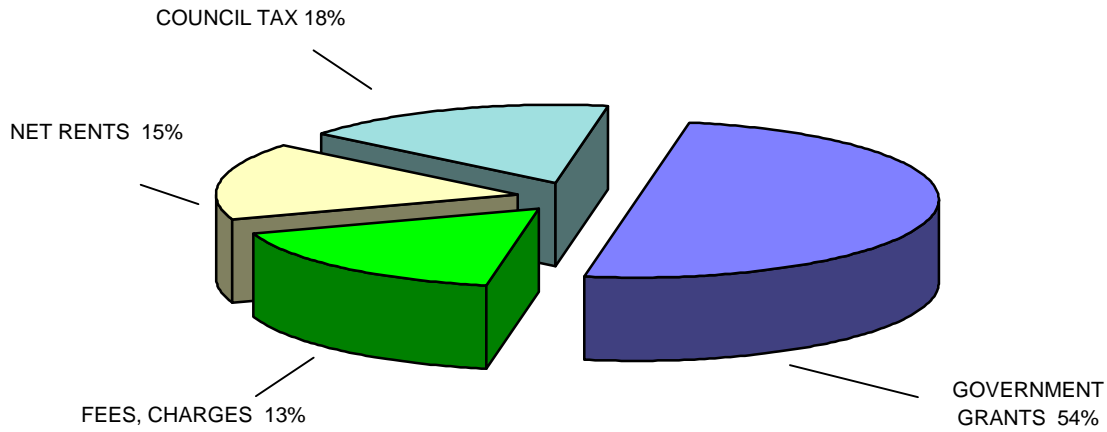
1. The Council's accounts for the year 2003/04 are set out on pages 12 to 38. They consist of:-
 - the Consolidated Revenue Account - covering income and expenditure on all services
 - the Housing Revenue Account - which shows income and expenditure on council housing
 - the Collection Fund - a separate fund which shows transactions in respect of non- domestic rates, council tax and residual community charge
 - the Consolidated Balance Sheet - which sets out the financial position of the Council on 31st March 2004
 - the Statement of Total Movements in Reserves - which brings together all the recognised gains and losses of the Council
 - the Cash Flow Statement - which summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes

These accounts are supported by the Statement of Accounting Policies, which follows this foreword, and various notes to the accounts.

2. This foreword provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position. The three graphs below show in broad terms where the Council's money comes from, what it is spent on and what services it provides.

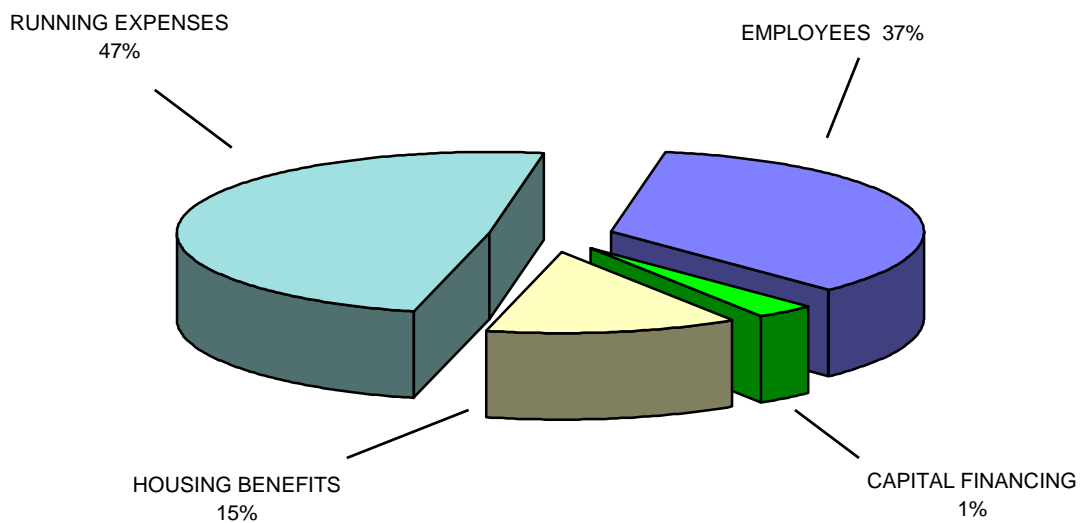
1.

3. Where the money comes from



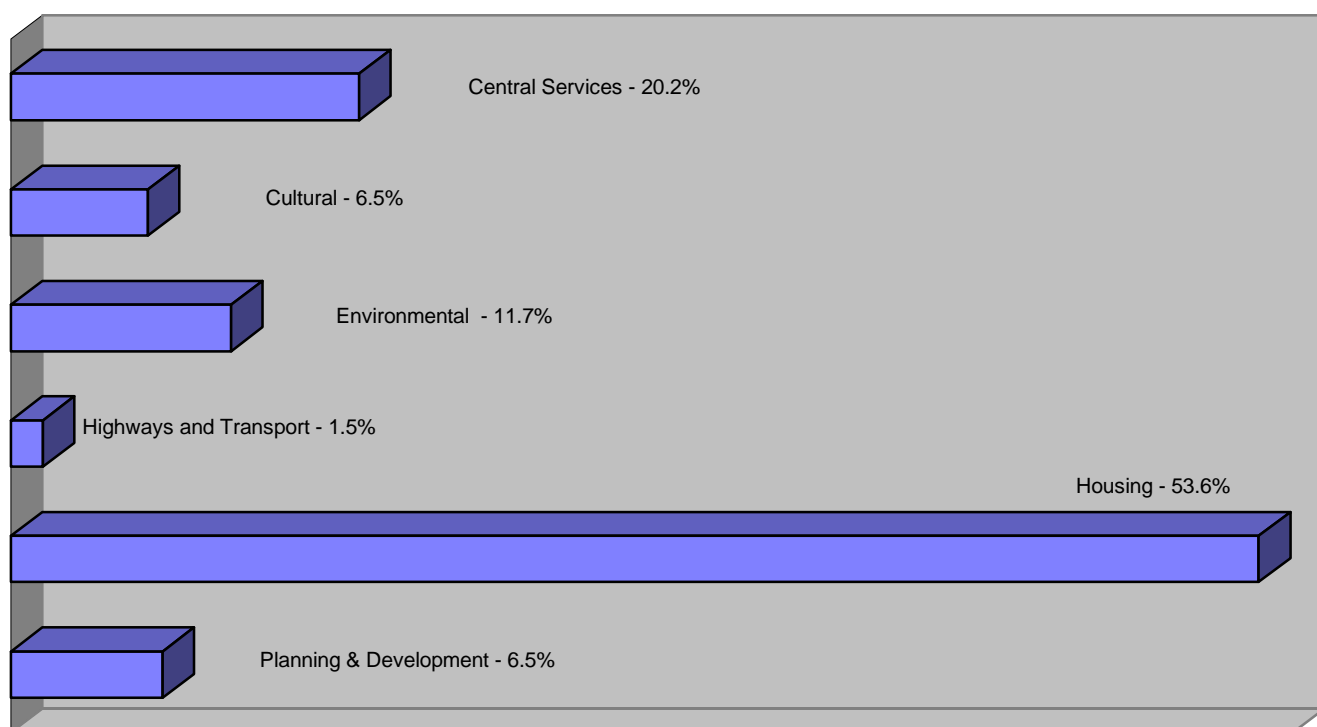
4. The largest single item is government grants which provide 54% of the total. The Council's income from the services it provides through rents, fees and charges and from interest on balances amounts to 28%. Council Tax accounts for only 18% of the total income.

5. What the money is spent on



6. Running expenses such as maintaining buildings, operating vehicles and purchase of supplies and services take up 47% of total expenditure. Employees account for 37% of the total. Financing charges are mainly the payments of principal and interest on loans.

7. The services provided by the Council are summarised below, with the proportion of net expenditure shown in each area:



8. General Fund

- i) General Fund expenditure was £765,000 below the original budget.

Details of the variances are set out below:-

£'000

Waste management	- 309
Street cleaning	+ 23
Pollution control	- 94
Energy strategy	- 32
Building control	- 61
Development control	+ 25
Additional income at Long Stratton leisure centre	- 35
Amenity Areas	- 38
Contact Care centre	+ 16
Asset Management Plan	- 46
Benefits (net of Government Grants)	- 309
Homelessness - net cost of bed and breakfast	- 34
Internal Audit Partnership	- 21
External audit Fees	+ 43
Reprographics	+ 32
Telephones and Postages	+ 40
Capital financing items	+ 123
Other minor items	- 88
	<u>- 765</u>

8. /Cont'd

- ii) Originally it was estimated that £150,000 would need to be withdrawn from the General Revenue Reserve to support revenue expenditure. Supplementary estimates and agreement to fulfil expenditure plans deferred from the previous year increased this figure to £636,000. However, the underspending resulted in a contribution of £129,000 to the General Revenue Reserve.
- iii) In 2003/04 £250,000 of the General Revenue Reserve was used to finance capital expenditure. A further £208,000 was earmarked for specific projects and £68,000 was set aside for contingent liabilities.
- iv) The balance on the General Revenue Reserve as at 31st March 2004 therefore became £1,063,000. A decrease of £397,000 for the year.
- v) The balance on the General Fund at 31st March 2004 was maintained at £1,000,000.

9. Housing Revenue Account

The balance on the Housing Revenue Account at 31st March 2004 was £341,000, a decrease during the year of £36,000 compared to a deficit of £57,000 as was originally planned. Details of the variances are set out below:-

<u>Variations in Expenditure</u>	£'000
Higher costs of planned maintenance	+ 316
Higher rent rebates	+ 99
Lower capital financing costs	- 75
Provision for repayment of debt	- 132
Reduced Bad Debts Provision	- 32
 <u>Variations in Income</u>	
Higher rental income	- 93
Lower interest receipts	+ 10
Higher Government Grant	- 17
Higher Service Charges	- 20
 <u>Other Variations</u>	
Higher trading surplus from Building Services	- 70
Minor items	- 7
	<u>21</u>

10. Capital Programme

In 2003/04 the Council spent £6.6m on capital projects, compared with the original budget of £7.1m. Of this expenditure £2m was in respect of schemes originally planned to be completed in 2002/03. Similarly capital schemes with a value of £2.7m have been delayed until 2004/05. Resources used to finance capital expenditure are given at Note 3 to the Consolidated Balance Sheet. Further

information regarding the use of capital receipts is shown at Note 12 to the Consolidated Balance Sheet.

4.

11. As at 31 March 2003 long term loans outstanding amounted to £5.7m. During 2003/04 this debt was fully repaid.
12. In order to finance the Barley Court sheltered housing scheme at Costessey, a deferred purchase scheme was entered into with Morgan-Grenfell (Local Authority Finance) Limited on 27th March 1990. This committed the Council to repayments of £2.8m. plus interest over a period of 10 years. This repayment period was extended by another 10 years to February 2010. As at 31st March 2003 the outstanding balance was £1.4m. In March 2004, however, this sum was repaid using receipts from the sale of council houses.
13. The accounting policies adopted by the Council comply with the relevant recommended accounting practices and are explained fully in the notes to the accounts.
14. The Council has yet fully to evaluate the impact of the Euro on the Council but an initial assessment suggests it will be fairly small. A further assessment will be made in 2004/05.
15. The Council transferred its housing stock to the South Norfolk Housing Partnership (S.N.H.P.) on 17 May 2004. The Partnership will be responsible for managing and maintaining the stock and for the collection of rents. In consideration of this transfer the Council will receive a gross capital receipt of £31.6m. This sum will be reduced by the payment of a levy to the Office of the Deputy Prime Minister (O.D.P.M.) and the funding of the costs of setting up the housing transfer. This will leave a usable capital receipt of £27.7m of which £7.3m will be set aside to finance retained liabilities in respect of works on sewage treatment plants (£3.9m) and fitting aids and adaptations to homes (£3.4m). The balance will be invested so that the interest earned can finance continuing costs of the Council.

In July 2003 a ballot of tenants was held to see if they were in favour of a transfer. As the result was affirmative and as at 31 March 2004 the intention was to transfer the housing stock to S.N.H.P. the Existing Use Value (Social Housing), previously used as a basis for valuation on the balance sheet, was replaced by a value reflecting the price at which the assets were to be transferred. This price comprises the Tenanted Market Value in respect of dwellings plus an agreed valuation in respect of the other assets being transferred on 17 May 2004. To arrive at a valuation as at 31 March 2004, assumed depreciation in respect of the period 1 April 2004 to 16 May 2004 was added back to this price.

This revaluation of the assets to be transferred resulted in a £240m reduction in the balance sheet value as at 31 March 2004. However the revaluation of assets to be retained increased the balance sheet value by £50m. The net reduction in asset values of £190m can be seen at Note 1 to the Consolidated Balance Sheet.

16. Together with Broadland District Council and Norwich City Council the authority has formed a partnership to deliver the building control function. The Partnership will be managed by a Joint Committee with representatives from each Council. South Norfolk Council will provide the accountancy support to the partnership in 2004/05.

5.

17. The cost of providing pensions for employees has been charged to the accounts in accordance with the new statutory requirements of FRS17. This represents a change to previous years and also incorporates the underlying commitment that the authority has in the long term to pay retirement benefits. More information can be found at Note 8 to the Consolidated Revenue Account and Note 17 to the Consolidated Balance Sheet.

STATEMENT OF ACCOUNTING POLICIES

1. General

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting: A Statement of Recommended Practice (SORP), issued in 2003 by the Chartered Institute of Public Finance and Accountancy (CIPFA) and also with guidance notes issued by CIPFA on the application of accounting standards (SSAPs). They therefore comply with 'proper accountancy practice' under the terms of the Local Government and Housing Act 1989.

The accounts also comply with the Best Value Accounting Code of Practice produced by CIPFA as updated in 2003.

2. Fixed Assets

All expenditure on the acquisition, creation or enhancements of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefits to the authority and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to service revenue accounts.

Fixed assets are valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the 2003 Code of Practice on Local Authority Accounting.

Tenants indicated they were in favour of a transfer of the housing stock in a ballot held during July 2003. Ensuing from this the housing stock is included in the balance sheet at a value which reflects the price at which the assets were to be transferred to S.N.H.P. This price comprises the Tenanted Market Value in respect of dwellings plus an agreed valuation in respect of the other assets being transferred on 17 May 2004. To arrive at a valuation as at 31 March 2004, assumed depreciation in respect of the period 1 April 2004 to 16 May 2004 was added back to this price.

In accordance with the requirements of the O.D.P.M. all fixed assets are revalued at least every five years. Any differences arising from this exercise are credited to the fixed asset restatement reserve. Any material changes to asset valuations will be adjusted in the interim period, as they occur.

7.

3. Charges to Revenue for Fixed Assets

Depreciation is provided for on all fixed assets with a finite useful life.

In accordance with the 2003 Code of Practice on Local Authority Accounting, all buildings have been depreciated over their anticipated remaining life.

The value at which each category of assets is included in the balance sheet is reviewed at the end of each year and where there is reason to believe that its value has changed materially in the year, the valuation is adjusted accordingly. Examples of events and changes in circumstances that indicate a reduction in value would include:

- a significant decline in a fixed asset's market value during the period
- evidence of obsolescence or physical damage to the fixed asset
- a significant adverse change in the statutory or other regulatory environment in which the authority operates
- a commitment by the authority to undertake a significant reorganisation

Where an impairment loss on a fixed asset occurs the loss would be recognised. If the loss is caused by a clear consumption of economic benefits (e.g. physical damage or a deterioration in the quality of the service) this would be recognised in the asset management account and the service revenue account. Other impairments (reflecting a general fall in prices) would be recognised in the fixed asset restatement reserve

Our valuer has certified that no additional charge in respect of impairment is required.

The General Fund, Housing Revenue Account and DSOs are charged for all fixed assets used in the provision of services. The total charge covers the annual provision for depreciation plus a capital financing charge determined by applying a notional rate of 3.5% interest on assets carried at current values (6% for 2002/03) and 4.625% on assets carried at historical values (i.e. infrastructure and community assets).

External interest payable and the provision for depreciation are charged to the asset management revenue account, which is credited with capital charges charged to services. Capital charges therefore have a neutral impact on the amounts required to be raised from local taxation.

4. Deferred Charges

Deferred charges are payments of a capital nature where no fixed asset is created, but which may properly be financed over a period of years. They include improvement and environmental enhancement.

8.

5. Basis of Charges for Borrowing

Borrowing is controlled by the calculation of a credit ceiling in accordance with the O.D.P.M.

Amounts to be charged to the General Fund for the repayment of debt are based on this credit ceiling. The minimum revenue provision (M.R.P.) is 2% in respect of Housing Revenue Account debt and 4% for General Fund debt. The amount set aside in 2003/04 exceeded these minimum levels by £175,000. The charges to the General Fund have been reduced in 2003/04 by an adjustment of £322,500 (£384,000 in 2002/03) in respect of the commutation of improvement grants.

6. Gains and Losses on Borrowing (Debt Redemption)

The 2003 SORP requires gains and losses arising on the repurchase of borrowing to be recognised in the period of the repurchase. Where the repurchase is coupled with a restructuring of the borrowing with substantially the same overall economic effect, the gains or losses may be written off over the life of the replacement loan.

The relevant share of the gain or loss is passed to the Housing Revenue Account (H.R.A.). The statutory provisions for the H.R.A. require the gains or losses to be made on a straight line basis over the unexpired period of the repurchased debt or 10 years whichever is the lesser.

For more information on debt redemption see Note 19 to the Consolidated Balance Sheet.

7. Capital Receipts

Capital receipts from the disposal of assets are divided into usable and reserved receipts following guidelines issued by the O.D.P.M. Usable capital receipts are used to finance future capital expenditure and reserved capital receipts have been used in full to reduce the Council's credit ceiling. See note 12 to the Balance Sheet.

8. Debtors and Creditors

The revenue accounts of the Council are maintained on an accruals basis in accordance with the Code of Accounting Practice and FRS18. That is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year.

An exception to this principle relates to electricity and similar quarterly payments which are charged at the date of meter reading rather than being apportioned between financial years.

These policies are consistently applied each year and therefore do not have a material effect on the year's account.

Capital expenditure and receipts are also dealt with on an accruals basis.

9.

9. **Stocks and Work in Progress**

SSAP9 requires stocks to be shown at actual cost or net realisable value if lower. The stock figure shown in the accounts is calculated at cost.

Work in progress on uncompleted jobs is valued at cost and includes an allocation of overheads.

10. **Costs of Support Services**

Management and administration costs are allocated by means of service level agreements. These agreements between service delivery units identify users, levels of service, the basis of charging and units costs.

All costs were fully recharged in the 2003/04 accounts.

11. **Reserves**

The Council maintains reserves to meet general, rather than specific, future expenditure.

i) **Capital Reserve**

This reserve is used to finance part of the Council's capital programme.

ii) **General Revenue Reserve**

Contributions to or withdrawals from the General Revenue Reserve are made to support net expenditure at the level agreed by the Council.

iii) **Earmarked Reserves**

The Council maintains several other reserves for specific purposes (e.g. Leisure Grants). This avoids large variations in council tax between years.

More detailed information on these reserves can be found in note 15 to the Consolidated Balance Sheet.

In line with CIPFA guidance on capital accounting the Council also maintains a Fixed Asset Restatement Reserve and a Capital Financing Reserve. More information concerning these reserves can be found in notes 13 and 14 to the Consolidated Balance Sheet and in the Statement of Total Movements in Reserves.

10.

12. Pensions

In 2003/04 the Council paid an employer's contribution of 12.1% (10.4% in 2002/03) of employees' reckonable pay into a superannuation fund administered by Norfolk County Council. The fund is a final salary scheme. The Council's contribution includes the costs of inflation awards (Pensions Increase Act payments) to pensioners of the Fund. The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations. The last review was at 31st March 2001 which resulted in a new rate from 1st April 2002. The next review is therefore due as at 31st March 2004, although any revision to the employer's rate of contribution will not apply until 1st April 2005.

In 2003/04, the requirements of FRS17 were fully implemented. These accounting policies represent a change to those applied in prior years. Previous policy was to recognise liabilities in relation to retirement benefits only when employer's contributions became payable to the pension fund or payments became due to the pensioners for which we were directly responsible. The new policies better reflect our commitment in the long-term to increase contributions to make up any shortfall in attributable net assets in the pension fund.

The change has had the following effects on the results of the prior and current periods:

- The overall amount to be met from Government grants and local taxation has remained unchanged, but the costs disclosed for individual services are 0.5% higher after the replacement of employer's contributions by current service costs and net operating expenditure is 4.6% higher than it would otherwise have been
- The requirement to recognise the net pensions liability in the balance sheet has reduced the reported net worth of the authority by 2.6%.

13. Investments

Investments are shown in the Consolidated Balance Sheet at cost. Further details appear in Note 4 to the Balance Sheet.

14. Grants

Revenue based grants are accrued and credited to the accounts of the same period in which the expenditure to which they relate is charged. Where claims have not been finalised (e.g. housing benefit claims) an estimate of grant income is used.

Capital grants are used to finance the capital expenditure to which they relate (i.e. improvement grants).

15. Leasing

The Council has outstanding operating leases in respect of vehicles and equipment. Rental payments are charged to revenue on a straight line basis over the period of the lease. The capital values of assets acquired are not shown in the balance sheet. No assets have been acquired using finance leases.

16. Interest

Interest payable on external borrowings and interest income is accrued and accounted for in the accounts of the period to which it relates.

11.

THE CONSOLIDATED REVENUE ACCOUNT

	----- 2003/04 -----		2002/03	
	Gross		Net	Net
	Expenditure	Income	Expenditure	Expenditure
	£'000	£'000	£'000	£'000
Expenditure on Services				
Cultural, Environmental and Planning	10,416	2,978	7,438	7,436
Highways, Roads & Transport	621	224	397	445
Housing	27,802	20,028	7,774	14,570
Central Services	6,503	5,201	1,302	1,111
Corporate Management	1,780	1	1,779	1,557
Non Distributed Costs	<u>306</u>	<u>-</u>	<u>306</u>	<u>112</u>
Net Cost of Services	<u>47,428</u>	<u>28,432</u>	18,996	25,231
Other Items				
Precepts paid to Parish Councils			1,409	1,322
Trading Undertakings		Note 1	- 35	23
Provision for Bad Debts			- 23	30
Interest on Balances etc			- 391	- 538
Transfer from Asset Management Revenue A/C		Note 2	- 3,689	- 11,400
Pension interest cost and expected return on pensions assets			448	- 92
			-----	-----
Net Operating Expenditure			16,715	14,576
Transfers to or from Reserves			- 1,019	- 514
Transfers to or from Pension Reserve			- 665	- 317
Change in HRA Balance			- 36	- 326
Transfer to Capital Financing Reserve		Note 3	- 1,453	- 909
Deferred Charges		Note 4	- 1,361	- 1,118
			-----	-----
Amount to be met from Govt. Grants & Local Tax Payers			12,181	11,392
Financed by				
Demand on Collection Fund			- 5,954	- 5,722
Use of Collection Fund			11	4
Revenue Support Grant			- 2,371	- 1,032
Contribution from Non Domestic Rate Pool			<u>- 3,867</u>	<u>- 4,642</u>

Surplus/Deficit for Year (-/+)	-	-
Balance at beginning of year	1,000	1,000
Surplus for year	<u>-</u>	<u>-</u>
Balance at end of year	<u>1,000</u>	<u>1,000</u>

12.

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

1. Trading Undertakings

The Council operates industrial estates at Long Stratton, Ketteringham and Ayton Road, Wymondham. In addition, there is a headlease scheme in operation at the Wymondham Spur Estate and business centres at Diss and Loddon. The Council operates a direct labour organisation to undertake council house maintenance. The surpluses achieved by this organisation are credited to the client, primarily the Housing Revenue Account, and are not shown in the 'other items' section of the Consolidated Revenue Account.

2003/04			Surplus (-)	2002/03			Surplus (-)
Expend.	Income		Deficit(+)	Expend.	Income		Deficit
£'000	£'000		£'000	£'000	£'000		£'000
305	340	-	35	Industrial Estates	368	345	23
<u>3,673</u>	<u>3,776</u>	-	<u>103</u>	Building Maintenance	<u>2,992</u>	<u>3,132</u>	- <u>140</u>
<u>3,978</u>	<u>4,116</u>	-	<u>138</u>		<u>3,360</u>	<u>3,477</u>	- <u>117</u>

2. Asset Management Revenue Account

This account effectively reverses out the capital charges debited to services for the use of assets and replaces them with depreciation and external interest.

	2003/04	2002/03
	£'000	£'000
Capital Charges	(8,719)	(15,593)
Depreciation	4,738	3,791
External Interest	<u>292</u>	<u>402</u>
	<u>(3,689)</u>	<u>(11,400)</u>

3. Capital Financing Reserve

Capital expenditure financed directly from revenue is charged to this account. An adjustment is also made to bring depreciation, included in net operating expenditure, to the statutory minimum revenue provision.

	2003/04	2002/03
	£'000	£'000
Capital Expenditure Financed from Revenue	940	500
Minimum Revenue Provision (less depreciation)	(771)	(655)
Major Repairs Allowance (less depreciation)	<u>(1,622)</u>	<u>(754)</u>
	<u>(1,453)</u>	<u>(909)</u>

4. Deferred Charges

Some expenditure, e.g. improvement grants, although correctly classified as expenditure for capital purposes does not result in the acquisition or creation of a fixed asset. The amount shown for 2003/04 of £1,361,000 (£1,118,000 in 2002/03) represents the writing off to revenue of this expenditure over a suitable period.

13.

5. Publicity

In 2003/04 the Council spent £143,216 (£123,965 in 2002/03) on publicity as defined by the Local Government Act 1986. This expenditure is analysed below.

	2003/04	2002/03
	£	£
Tourism - General	14,081	2,711
Community Magazine	16,575	19,695
Recruitment of Staff	102,608	91,609
Other	<u>9,952</u>	<u>9,950</u>
	<u>143,216</u>	<u>123,965</u>

6. Building Control Trading Account

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the building control unit divided between the chargeable and non chargeable activities.

2003/04				2002/03		
Chargeable	Non	Total		Chargeable	Non	
Total	Chargeable			Chargeable		
£'000	£'000	£'000	Expenditure	£'000	£'000	£'000
231	55	286	Employee expenses	227	63	290
9	2	11	Premises	10	3	13
23	5	28	Transport	25	7	32
23	11	34	Supplies and Services	37	9	46
<u>142</u>	<u>22</u>	<u>164</u>	Central & support service charges	<u>103</u>	<u>25</u>	<u>128</u>
<u>428</u>	<u>95</u>	<u>523</u>	Total Expenditure	<u>402</u>	<u>107</u>	<u>509</u>
			Income			
<u>462</u>	<u>7</u>	<u>469</u>	Building Regulation charges	<u>415</u>	<u>6</u>	<u>421</u>
<u>462</u>	<u>7</u>	<u>469</u>	Total Income	<u>415</u>	<u>6</u>	<u>421</u>
<u>(34)</u>	<u>88</u>	<u>54</u>	(Surplus)Deficit for year	<u>(13)</u>	<u>101</u>	<u>88</u>

7. Government Grants

All Government Grants credited to the General Fund, except Revenue Support Grant and Non Domestic Rates, are service specific and are therefore shown as income against the appropriate service.

14.

8. Pension Costs

In 2003/04 the Council paid an employer's contribution of £1,119,752 (£885,537 in 2002/03) into the Norfolk County Council's Superannuation Fund. This represented 12.1% of pensionable pay (10.4% in 2002/03).

The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations. The last review was at 31st March 2001. Under Superannuation Fund Regulations contribution rates are set to meet the overall liabilities of the Fund. The new rate resulting from the review was effective from 1st April 2002.

The Council is also responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 2003/04 these amounted to £154,276 (£73,735 in 2002/03) representing 1.7% of pensionable pay (0.87% in 2002/03).

As part of the terms and conditions of employment of its employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments that need to be disclosed at the time that the employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, a defined benefit statutory scheme, administered by Norfolk County Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The cost of retirement benefits are recognised in the net cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirements is reversed out of the Consolidated Revenue Account after net operating expenditure.

The following transactions have been made during the year:

	2003/04 £'000	2002/03 £'000
Net Cost of Services		
Current service costs	(1,325)	(1,277)
Past service costs	(152)	(38)
Net Operating Costs		
Interest	(2,565)	(2,531)

Expected return on assets in the scheme	2,117	2,623
Amount to be met from Government Grants and Local Taxation		
Movement on pension reserve	665	317
Actual amount charged against Council Tax for Pensions in Year		
Employer's contributions payable to scheme	<u>(1,260)</u>	<u>(906)</u>

Further information regarding pensions appear at Note 17 to the Consolidated Balance Sheet.

9. **Operating Leases**

In 2003/04 the Council entered into leases in respect of vehicles and equipment valued at £1,335,500. During the year lease payments amounted to £570,000 leaving outstanding obligations of £2,132,000.

15.

10. **Officers' Remuneration**

In 2003/04 the number of employees whose remuneration, excluding pension contributions, was £50,000 or more in bands of £10,000 were:-

<u>Remuneration Band</u>	<u>Number of Employees</u>	
	<u>2003/04</u>	<u>2002/03</u>
£50,000 - £59,999	2	5
£60,000 - £69,999	1	1
£70,000 - £79,999	-	1
£80,000 - £89,999	1	-

11. **Related Party Transactions**

There are no material transactions with related parties other than those disclosed elsewhere in these Statement of Accounts.

12. **Members' Allowances**

Total allowances paid to members in 2003/04 amounted to £164,130 (£164,328 in 2002/03).

13. **Audit Costs**

In 2003/04 the following costs relating to external audit and inspection were paid to the audit commission:

	<u>2003/04</u>	<u>2002/03</u>
	£'000	£'000
External Audit	119	91
Statutory Inspection	16	15
Certification of Grant Claims and Returns	46	42
Other Services	-	2
	<u>181</u>	<u>150</u>

16.

HOUSING REVENUE ACCOUNT

		<u>2003/04</u> £'000	<u>2002/03</u> £'000
Income			
Rents - Dwellings	Note 1	10,616	10,526
- Other		272	202
Fees and Charges		908	738
Other Grants and Contributions		225	119
Government Subsidy	Note 10	<u>2,189</u>	<u>2,567</u>
		<u>14,210</u>	<u>14,152</u>
Expenditure			
Management		2,706	2,692
Repairs and Maintenance		2,864	2,618
Rent Rebates	Note 2	6,021	5,872
Capital Charges	Note 9	7,390	14,046
Debt Management		21	18
Provision for Bad Debts	Note 3	<u>5</u>	<u>72</u>
		<u>19,007</u>	<u>25,318</u>
Net Cost of Services		4,797	11,166
Capital Charges – Notional Interest	Note 9	- 3,422	- 10,910
Interest Payable		100	357
Interest Receivable		- 30	- 31
Premium on Redeemed Loans		<u>157</u>	<u>176</u>
Net Operating Expenditure		1,602	758
Appropriations			
Housing Set-aside		56	177

Capital Expenditure Financed from Revenue		-
145		
Depreciation/Major Repairs Allowance Adjustment	- 1,622	- 754
Deficit for Year	<u>36</u>	<u>326</u>

Housing Revenue Account Balance

Balance at Beginning of Year	377	703
Deficit for Year	- 36	- 326
Balance at End of Year	<u>341</u>	<u>377</u>

17.

NOTES ON HOUSING REVENUE ACCOUNT

1. Gross Rent Income

This is the total rent income for the year after allowance has been made for discounts, voids and write-offs. Average rents and charges in respect of dwellings were £47.83 a week in 2003/04 (£47.60 in 2002/03).

2. Housing Benefits

Rent rebates paid represent 56.7% of gross rent income in 2003/04 compared to 54.9% in 2002/03.

3. Provision of Bad and Doubtful Debts

The provision relates to rent arrears that are unlikely to be collected. The Housing Revenue Account (Arrears of Rents and Charges) Directions 1990 sets out how this provision should be calculated. In order to achieve a more realistic provision these directions were not followed in 2003/04.

Following the transfer of the Council's housing stock on 17th May 2004 a number of arrears remain which will be recovered or written off against this provision.

	2003/04	2002/03
	£'000	£'000
Balance at 1st April	282	231
<u>Less</u> amounts written off	- 18	- 21
<u>Add</u> provision in year	<u>5</u>	<u>72</u>
Balances as at 31st March	<u>269</u>	<u>282</u>

4. Tenants' Arrears

	2003/04	2002/03
	£'000	£'000
Rent arrears	281	288
Overpaid Housing Benefit and other arrears	<u>369</u>	<u>294</u>
	<u>650</u>	<u>582</u>
Amounts written-off during the Year	<u>18</u>	<u>21</u>

During 2003/04 rent arrears, as a proportion of gross rent income, were 2.6% (2002/03 2.7%).

18.

5. Housing Stock

As at 31st March 2004 the Council was responsible for managing 4226 dwellings (4310 as at 31st March 2003).

	31/03/04	31/03/03
Number of Dwellings:		
Houses	1,716	1,775
Bungalows	1,512	1,527
Flats	<u>424</u>	<u>437</u>
	3,652	3,739
Sheltered Housing (16 Schemes)	<u>574</u>	<u>571</u>
	<u>4,226</u>	<u>4,310</u>

The Council also had an interest in 130 equity share properties equating to 64 complete houses.

The change in stock can be summarised as follows:-

	2003/04	2002/03
Number of dwellings as at 1 st April	4,310	4,431
Less:		
Sales	- 84	- 121
Demolitions	-	-
Conversions	<u>-</u>	<u>-</u>
Number of dwellings as at 31 st March	<u>4,226</u>	<u>4,310</u>

	31 March 2004 £'000	31 March 2003 £'000
Balance Sheet Value of Assets:		
Operational Assets		
Dwellings	26,878	228,262
Other Land and Buildings	82	713
Equipment	-	6
Non-Operational Assets	<u>7,497</u>	<u>5,086</u>
	<u>34,457</u>	<u>234,067</u>

The value of assets as at 31 March 2004 reflects the price at which the assets were transferred to S.N.H.P. This price comprises the Tenanted Market Value in respect of dwellings plus an agreed valuation in respect of the other assets transferred on 17 May 2004. To arrive at a valuation as at 31 March 2004, assumed depreciation in respect of the period 1 April 2004 to 16 May 2004 was added back to this price.

Previously the value has been shown at existing use value. The housing stock value as at 17 May 2004 will be zero due to the transfer of the entire housing stock to S.N.H.P. on this date.

19.

6. **Major Repairs Reserve**

This reserve, established on 1st April 2001, is funded by Government Grant (the Major Repairs Allowance) and is used to finance Housing Revenue Account capital expenditure.

	2003/04 £'000	2002/03 £'000
Major Repairs Allowance for Year	2,345	2,382
Depreciation of Assets (Other than Dwellings)	- 24	
- 13		
Financing of Capital Expenditure on Dwellings	<u>- 2,321</u>	<u>- 2,369</u>
Balance Carried Forward at 31 st March	<u>-</u>	<u>-</u>

7. **Capital Expenditure**

An analysis of capital expenditure incurred by the Housing Revenue Account is given below:

	2003/04 £'000	2002/03 £'000
Maintenance of Dwellings	3,728	2,721
Shared Equity Purchase	295	302
Sewage Schemes	13	83
Sheltered Housing Schemes	53	93
I.T. Systems	-	84
Other Projects	<u>163</u>	<u>15</u>
	<u>4,252</u>	<u>3,298</u>

This expenditure was financed as followed:

	2003/04 £'000	2002/03 £'000
Borrowing	722	481
Capital Receipts	1,209	435
Major Repairs Reserve	2,321	2,369
Revenue Contributions	<u>-</u>	<u>13</u>
	<u>4,252</u>	<u>3,298</u>

8. Capital Receipts

The following receipts resulted from the disposal of property within the H.R.A.

	2003/04 £'000	2002/03 £'000
Houses	4,738	5,540
Land	6	19
Equity Share Properties	493	411
Other Properties	<u>155</u> <u>82</u>	
	<u>5,392</u>	<u>6,052</u>

20.

9. Capital Charges

A capital charge is made to the Housing Revenue Account (H.R.A) made up of notional interest and depreciation. The notional interest is calculated at 3.5% of the value of H.R.A assets which are all valued at current value (6% in 2002/03) carried out in accordance with the Guidance on Stock Valuation published by DETR in May 2000. Depreciation is charged in respect of all H.R.A. properties (including non-dwelling properties) in accordance with proper practices.

<u>2003/04</u>				<u>2002/03</u>		
Notional Interest	Depreciation	Total Capital Charges		Notional Interest	Depreciation	Total Capital Charges
£'000	£'000	£'000		£'000	£'000	£'000
			Operational Assets:			
3,335	3,943	7,278	Dwellings	10,551	3,116	13,667
13	19	32	Other Land and Buildings	23	7	30
-	3	3	Equipment	20	10	30
<u>74</u>	<u>3</u>	<u>77</u>	Non Operational Assets	<u>316</u>	<u>3</u>	<u>319</u>
<u>3,422</u>	<u>3968</u>	<u>7,390</u>		<u>10,910</u>	<u>3,136</u>	<u>14,046</u>

The notional interest element of capital charges is reversed out below the Net Cost of Services at the Net Operating Expenditure Level.

As the depreciation for H.R.A. assets exceeds the Major Repairs Allowance a credit is transferred from the Major Repairs Reserve to the appropriations section of the account to ensure that depreciation does not impact on the bottom line.

10. Housing Revenue Account Subsidy

Government grant is paid to meet any shortfall between expenditure and income based on a model for each authority (the notional H.R.A.).

The H.R.A. Subsidy is made up as follows:

	2003/04 £'000	2002/03 £'000
Management and Maintenance		
Management Allowance	1,146	1,201
Maintenance Allowance	2,618	2,598

Major Repairs Allowance	<u>2,345</u>	<u>2,382</u>
	6,109	6,181
Debt Financing and Management Costs	789	1,135
Rent Rebates	5,977	5,899
Guideline Rent Income	(10,758)	(10,680)
Other specific items of expenditure and income.	<u>72</u>	<u>32</u>
Net Subsidy received	<u>2,189</u>	<u>2,567</u>

21.

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

		2003/04	2002/03
		£'000	£'000
Income			
Business Ratepayers	Note 2	14,247	16,023
Council Tax Payers		43,670	37,885
Community Charge Payers (collection of outstanding charges)		1	2
Council Tax Benefits		4,264	3,536
NNDR Discretionary Relief transferred to General Fund		-	58
		-----	-----
		62,182	57,504
		-----	-----
Expenditure			
Precepts and Demands	Note 4	47,853	41,253
Contributions to General Fund re Community Charge		-	2
Payment to NNDR Pool		14,049	15,653
NNDR Costs of Collection		216	176
Provision for Bad Debts - Council Tax		80	53
- NNDR		- 57	- 31
Write Offs - Council Tax		65	80
- NNDR		39	225
Previous Years Estimated Council Tax Surplus (+)/Deficit (-)			
Contribution to N.C.C.		- 59	- 35
Contribution to Norfolk Police Authority			- 8
- 4			
Contribution to South Norfolk Council		- 11	- 6

Total Expenditure	----- 62,167 -----	----- 57,366 -----
Collection Fund Balance		
Balance at beginning of the Year	15	- 123
Surplus/Deficit (+/-)for Year	15	138
Balance at End of the Year	----- 30 -----	----- 15 -----

22.

NOTES TO THE COLLECTION FUND

1. General

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund which shows transactions in relation to non-domestic rates and council tax. The Collection Fund is consolidated with the Council's accounts.

2. Income from Business Rates

The Council collects non-domestic rates for its area based on local rateable values multiplied by a uniform rate. The total amount, less certain reliefs and other deductions, is paid to a central pool (the NNDR pool) managed by Central Government. This pool is redistributed to authorities based on a standard amount per head of the local population.

The total non-domestic rateable value at 31st March 2004 was £40.9m (£41.2m 31st March 2003). The non-domestic multiplier for the year was 44.4p (43.7p 2002/03).

3. Council Tax

The Council's tax base was calculated as follows:

<u>Band</u>	Estimated No. of Taxable <u>Properties after Discounts</u>	<u>Ratio</u>	Band D <u>Equivalents</u>
A	4,174	6/9	2,780
B	12,797	7/9	9,953
C	11,163	8/9	9,923
D	7,951	9/9	7,951
E	4,782	11/9	5,845
F	2,071	13/9	2,992
G	1,195	15/9	1,991
H	<u>97</u>	18/9	<u>195</u>
	44,230		41,630
Adjustment for changes during the year and losses on collection			<u>225</u>
Council Tax Base			<u>41,855</u>

4.	Precepts and Demands	2003/04	2002/03
		£'000	£'000
	Norfolk County Council	36,795	31,380
	Norfolk Police Authority	5,104	4,151
	South Norfolk District Council (including parish precepts)	5,954	5,722
		<u>47,853</u>	<u>41,253</u>

CONSOLIDATED BALANCE SHEET

		--- 31 March 2004---	31 March 2003
		£'000	£'000
Fixed Assets	Notes 1&3		
Dwellings		26,878	228,262
Other Land & Buildings		14,415	14,424
Vehicles, Plant & Equipment		2,430	726
Infrastructure		23	23
Community		0	0
Non Operational		<u>7,862</u>	<u>6,809</u>
		51,608	250,244
Deferred Charges	Notes 2&3	53	60
Long Term Investments	Note 4	56	56
Long Term Debtors			
Mortgages		42	
Other	Note 5	<u>236</u>	<u>398</u>
		278	
Total Long Term Assets		51,995	250,758
		-----	-----
Current Assets			
Stocks & Work			
in Progress	Note 6	148	159
Debtors	Note 7	7,426	7,251
Short Term Investments		900	10,130
Cash		<u>2</u>	<u>2</u>
		8,476	17,542
Current Liabilities			
Loans Repayable within 12 mths		-	(205)
Creditors	Note 8	(4,187)	(7,537)
Bank Overdraft		<u>(413)</u>	<u>(215)</u>
		(4,600)	(7,957)
		-----	-----
Net Current Liabilities		3,876	9,585
Pension Scheme Liability	Note 17	(7,298)	(11,277)
Long Term Borrowing	Note 9	-	(6,906)
Deferred Capital Receipts	Note 10	(46)	(50)
Other Deferred Debtors	Note 11	(82)	(89)
		-----	-----
		<u>48,445</u>	<u>242,021</u>
Financed by:			
Usable Capital Receipts	Note 12	1,566	3,505
Unapplied Capital Contributions		-	3
Fixed Asset Restatement Reserve	Note 13	7,962	207,413
Capital Financing Reserve	Note 14	41,314	36,436
Pension Reserve		(7,298)	(11,277)
Reserves	Note 15	3,530	4,549
General Fund Balance		1,000	1,000
Housing Revenue Account Balance		341	377
Collection Fund Balance		<u>30</u>	<u>15</u>
	Note 16	<u>48,445</u>	<u>242,021</u>

NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Fixed Assets

Movement in fixed assets during the year were as follows:

	<u>Dwellings</u> £'000	<u>Other Land & Bldgs.</u> £'000	<u>Vehicles Plant & Equip.</u> £'000	<u>Infrast- ructure</u> £'000	<u>Comm -unity</u> £'000	<u>Non Operational</u> £'000	<u>Total</u> £'000
Certified Valuation as at 31 March 2003	228,262	14,675	-	-	-	-	-
Accumulated Depreciation	-	(251)	-	-	-	-	-
Net Book Value as at 31 March 2003	228,262	14,424	726	23	-	6,809	250,244
Expenditure	4,218	135	1,058	24	-	118	5,553
Revaluations	(192,629)	414	(3)	-	-	2,435	(189,783)
Disposals	(4,980)	(118)	-	-	-	-	(5,098)
Depreciation	(3,943)	(305)	(485)	-	-	(5)	(4,738)
Reclassification of Assets			1,164			(1,164)	-
Expenditure written off to Fixed Asset Restatement Reserve	(4,050)	(135)	(30)	(24)	-	(331)	(4,570)
Net Book Value as at 31 March 2004	<u>26,878</u>	<u>14,415</u>	<u>2,430</u>	<u>23</u>	<u>-</u>	<u>7,862</u>	<u>51,608</u>

Expenditure on Fixed Assets	£'000
Information Technology	677
Vehicles and Equipment	468
Offices and Depots	127
Loddon Staithe	24
Mini Recycling Centres	24
Council Dwellings	4,218
Other Land and Buildings	<u>15</u>
	<u>5,553</u>

Contracts for schemes not completed at 31st March 2004 commit the Council to future expenditure of £428,000 of which £365,000 relates to the Council's contribution to the construction of Framingham Earl Sports Hall.

1. /Cont'd	-----31 March 2004 ---		----31 March 2003 ---	
Operational	Numbers	£'000	Numbers	£'000
Dwellings				
Council Dwellings	3,716	24,743	3,809	209,853
Sheltered Housing Schemes	16	<u>2,135</u>	16	<u>18,409</u>
		<u>26,878</u>		<u>228,262</u>
Buildings				
Caravan Sites	2	30	2	164
Hostels	3	364	4	405
Car Parks	17	1,713	17	1,034
Industrial Estates	1	906	1	906
Depots	2	740	2	717
Leisure Centre and Pool	1	4,211	1	4,316
Leisure Centres	1	1,081	1	1,110
Swimming Pools	1	2,310	1	2,386
Offices	4	2,314	4	2,361
Mini Recycling Centre Sites	71	156	71	156
Tenants' Meeting Rooms	2	43	2	308
Public Conveniences	7	<u>547</u>	7	<u>561</u>
		<u>14,415</u>		<u>14,424</u>
Equipment				
Vehicles	2	286	6	9
Information Technology		1,726		441
Play Area Equipment		23		24
Other Plant and Equipment		<u>395</u>		<u>252</u>
		<u>2,430</u>		<u>726</u>
Total Operational		<u>43,723</u>		<u>243,412</u>
Non Operational				
Land Awaiting Development		7,455		5,039
Shops	3	106	3	89
Industrial Estates	1	80	1	80
Offices	1	104	1	106
Assets under Construction				
I.T. Systems		112		1,289
Other works		<u>5</u>		<u>206</u>
		<u>7,862</u>		<u>6,809</u>
Community				
Play Areas		-----		-----
Infrastructure				
Loddon Staithe	1	<u>23</u>	1	<u>23</u>
		<u>23</u>		<u>23</u>
		<u>51,608</u>		<u>250,244</u>

All the Council's fixed assets were valued as at 1st April 2003 by B. Arnett F.R.I.C.S. of Norfolk Property Services. At this date the council houses were valued at Existing Use Value (Social Housing). Other operational and non-operational assets are valued at the lower of net current replacement cost or net realisable value. Plant, equipment, community and infrastructure assets are valued on historical cost. The value of the housing stock as at 31 March 2004 reflects the price at which the assets were transferred to S.N.H.P. This price comprises the Tenanted Market Value in respect of dwellings plus an agreed valuation in respect of the other assets transferred on 17 May 2004. To arrive at a valuation as at 31 March 2004, assumed depreciation in respect of the period 1 April 2004 to 16 May 2004 was added back to this price.

The housing stock value as at 17 May 2004 will be zero due to the transfer of the entire housing stock to S.N.H.P. on this date.

Assets are revalued at intervals not exceeding five years. Any major changes will, however, be reflected in the accounts in the year they occur.

Assets are depreciated on a straight-line basis over the useful life of the asset as determined by the valuer.

2. Deferred Charges

This category refers to expenditure properly capitalised but which does not acquire or increase the balance sheet value of a fixed asset. Expenditure is charged to revenue over an appropriate number of years.

	Balance 1 April 2003 £'000	Expend. £'000	Grants Rec'd £'000	Amounts Written Off £'000	Balance 31 March 04 £'000
Improvement Grants	-	766	166	600	-
Grants to Housing Associations	-	548	-	548	-
Industrial Estates	1	7	-	7	1
Offices	48	-	-	1	47
Car Parks	1	-	-	1	-
Diss Swimming Pool	10	-	-	5	5
Other	-	<u>199</u>	-	<u>199</u>	-
	<u>60</u>	<u>1,520</u>	<u>166</u>	<u>1,361</u>	<u>53</u>

3. Capital expenditure was financed as follows

	£'000		£'000
Provisional Creditors b/fwd	(330)	Fixed Assets (Note 1)	5,553
Credit Approvals	910	Deferred Charges (Note 2)	1,520
Capital Receipts	2,375		
Revenue Contributions	940		
Major Repairs Reserve	2,321		
Grants & Contributions	472		
Provisional Creditors c/fwd	<u>385</u>		
	<u>7,073</u>		<u>7,073</u>

4. Long Term Investments

	31 March 2004 £'000	31 March £'000
The investment figure is made up as follows:-		
Government Securities	29	29
Other Local Authorities and Public Bodies	<u>27</u>	<u>27</u>
	<u>56</u>	<u>56</u>

5. Long Term Debtors

An interest free loan of £250,000 was made in 1996/97 to the developers of Sawmills Business Park at Diss. This loan, secured on the land, is repayable as the Business Park is developed or after 25 years. £145,000 has subsequently been repaid. If interest had been charged at the market rate on the balance outstanding £11,250 would have been payable in 2003/04.

In exchange for the loan, however, 6.8 acres of land was given to the Council to be used as amenity land. At the end of 1997/98 an interest free loan of £45,000, repayable over 5 years, was made to the owner of part of Harleston Industrial Estate. During 1998/99 a further £5,000 was advanced. This loan, secured on land at the estate, was made to encourage extension of the estate road and enable further development to take place. If interest had been charged at the market rate £3,500 would have been payable in 2003/04.

Also included here are loans made under the business growth scheme (See note 11 to the Consolidated Balance Sheet for further details).

6. Stocks

	31 March 2004 £'000	31 March 2003 £'000
Stocks - DSOs	106	131
- Other	<u>42</u>	<u>28</u>
	<u>148</u>	<u>159</u>

7. Debtors

	31 March 2004 £'000	31 March 2003 £'000
Government Departments	2,522	2,479
Other Local Authorities	159	156
Non-Domestic Rate Payers	505	475
Council Tax Payers	1,433	1,305
Housing Tenants	650	582
Car Loans to Employees	92	100
Sundry Debtors	2,220	2,049
Payments in Advance	<u>1,120</u>	<u>1,393</u>
	8,701	8,539
Less Provision for Doubtful Debts	- <u>1,275</u>	- <u>1,288</u>
	<u>7,426</u>	<u>7,251</u>

The amount due from Government Departments as at 31st March 2004 includes £1m in respect of housing benefit subsidy and £0.9m overpaid to the N.N.D.R. Pool. As at 31st March 2003 £2m was owing to the Council in respect of housing benefit subsidy.

Included in the payments in advance figure as at 31st March 2004 is £830,000 in respect of premium paid on the early redemption of debt (£1,096,000 as at 31st March 2003).

More information can be found at Note 19 to the Consolidated Balance Sheet.

8. Creditors

	31 March 2004 £'000	31 March 2003 £'000
Government Departments	301	3,289
Other Local Authorities	955	841
Non-Domestic Rate Payers	355	386
Council Tax Payers	244	291
Housing Tenants	141	82
Sundry Creditors	1,986	2,307
Receipts in Advance	<u>205</u>	<u>341</u>
	<u>4,187</u>	<u>7,537</u>

The amount due to Government Departments as at 31st March 2003 included £2,844,000 due to the N.N.D.R. Pool.

9. Long Term Borrowing

	<u>Balance Outstanding</u>	
	31 March 2004	31 March 2003
	£'000	£'000
Public Works Loan Board	-	5,672
Other Loans	<u>-</u>	<u>1,234</u>
	<u>-</u>	<u>6,906</u>

10. Deferred Capital Receipts

These are amounts derived from sale of assets which will be received in instalments over agreed periods of time and receipts due in the year but not received as at 31st March 2004. The amount shown as at 31st March 2004 includes £31,000 (£35,000 as at 31st March 2003) from sales of council houses, which form part of the mortgage figure under long term debtors.

11. Other Deferred Debtors

The Council makes loans under the business growth scheme to assist in the development of new businesses. These loans are repayable over a number of years without interest. If interest had been charged at the market rate £10,000 would have been payable in 2003/04. The amount shown represents that part of the loans which is still outstanding at 31st March 2004.

12. Capital Receipts

These are receipts from the sale of capital assets.

	Usable £'000	Reserved £'000	Total £'000
Balance at beginning of year	3,505	-	3,505
Receipts during year	<u>436</u>	<u>5,120</u>	<u>5,556</u>
	3,941	5,120	9,061
Receipts used to finance capital expenditure	(2,375)	-	(2,375)
Set aside for provision of credit liabilities	<u>-</u>	<u>(5,120)</u>	<u>(5,120)</u>
Balance at end of year	<u>1,566</u>	<u>-</u>	<u>1,566</u>

13. Fixed Asset Restatement Reserve

The balance on this reserve includes the differences arising from the revaluation of assets as at 1st April 1999. In addition the reserve is written down by the book value of assets as they are disposed of and credited with the value of assets acquired.

For more information on the Fixed Asset Restatement Reserve see notes 3 and 4 to the Statement of Total Movements.

14. **Capital Financing Reserve**

The capital financing reserve contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

For more information on the Capital Financing Reserve see note 5 to the Statement of Total Movements in Reserves.

15. **Reserves**

Name and Purpose of Reserve	Balance 1 April 2003 £'000	Movement in Year £'000	Balance 31 March 2004 £'000
Capital	531	-531	
To assist in the financing of capital expenditure.			
Revenue	1460	-397	1063
Evens out Council expenditure from year to year.			
Building Control Partnership		83	83
To contribute to the start-up costs of the Partnership			
Invest to Save Bids		75	75
To enable projects to proceed that will generate savings to the Council			
District Election	60	-49	11
Evens out costs of elections held every four years and unforeseeable by elections.			
Members' Training	13	6	19
To cover costs of attendance at seminars, conferences and other training needs of councillors.			
Parish Council Elections	9	-4	5
Evens out costs of elections held every four years			
Land Charges	193	-57	136
To finance computerisation of the land charges and associated functions.			
Employee Training	173	15	188
To provide all professional and management training for employees			
Deferred Purchase	526	0	526
Money set aside to repay deferred purchase scheme debt.			
Mulbarton Land Reserve	720	-152	568
Money moved from capital receipts.			
S.N.L.P. Inquiry	47	62	109
To finance future local plan inquiry costs.			

Name and Purpose of Reserve (cont'd)	Balance 1 April 2003 £'000	Movement in Year £'000	Balance 31 March 2004 £'000
Diss H.E.R.S.	12	11	23
Joint funding towards repair of buildings in the conservation area			
Business Growth Scheme	91	10	101
To provide loans to new businesses.			
Leisure Services Grants	221	-106	115
To finance leisure grants awarded to successful applicants.			
Southern Broads Regeneration	76	-53	23
To promote tourism to the Broads			
Rent Guarantees	97	-16	81
To provide assistance towards the payment of rent for new businesses.			
Office Minor Works	14	44	58
To cover expenditure for repairs and maintenance of South Norfolk House and associated plant.			
Contingent Liabilities		68	68
To meet unexpected expenditure			
Leisure Centre Repairs	26	-6	20
To provide for unplanned repairs not covered by the main budget.			
Legal Expenses	47	-9	38
To provide a contingency for unforeseeable legal costs and to even out fluctuations in expenditure			
Donations/Arts	24	2	26
To finance grants awarded to successful applicants.			
Emergencies			
To cover unpredictable expenditure due to severe weather conditions.	43	0	43
Community Development	26	2	28
To finance the promotion of community safety and social cohesion.			
Economic Development	140	-17	123
To provide help which promotes economic development.			
Totals	4549	-1019	3530

For more information on reserves see note 11 of the Statement of Accounting Policies and the Statement of Total Movements in Reserves.

16. Analysis of Net Assets Employed

31 March 2004	31 March 2003
£'000	£'000

General Fund	12,754	13,048
Housing Revenue Account	<u>35,691</u>	<u>228,973</u>
	<u>48,445</u>	<u>242,021</u>

31.

17. Pensions

Note 8 to the Consolidated Revenue Account contains details of the Council's participation in the Local Government Pension Scheme administered by Norfolk County Council in providing employees with retirement benefits.

As at 31st March 2004 £142,000 was owing to the Norfolk County Council in respect of pension contributions. This amount is included in the creditors figure as amounts due to 'Other Local Authorities' (see note 8 to the Consolidated Balance Sheet).

The underlying assets and liabilities for retirement benefits attributable to the Council as at 31st March 2004 are as follows:

	31 March 2004	31 March 2003
	£'000	£'000
Estimated liabilities in scheme	44,849	41,777
Estimated assets in scheme	37,551	30,500
Net liability	<u>7,298</u>	<u>11,277</u>

The liabilities show the underlying commitments that the Council has in the long term to pay retirement benefits. The net liability for retirement benefits of £7.3m has a substantial impact on the net worth of the authority, reducing the overall Council's assets from £55.7m to £48.4m as shown in the Consolidated Balance Sheet on page 23. However, statutory arrangements for funding the deficit mean that the financial position of the authority remains healthy as the deficit on the pension scheme will be made good by increased contributions over the remaining working life of employees, assessed by the scheme actuary

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. Hymans Robertson, an independent firm of actuaries, have provided estimates of liabilities for Norfolk County Council based on the full valuation of the scheme as at 31st March 2001.

The main assumptions used in their calculations are:

	31 March 2004	31 March 2003
Rate of inflation	2.9%	2.5%
Rate of increase in salaries	4.9%	4.5%
Rate of increase in pensions	2.9%	2.5%
Rate for discounting scheme liabilities	6.5%	6.1%

Assets in the scheme are valued at fair value, principally market value for investments, and can be analysed as follows:

	Long Term Return	Assets as at	
	%	31 March 2004	31 March 2003
		£'000	£'000
Equities	7.7	24,493	18,953
Bonds	5.1	7,507	6,762
Property	6.5	3,769	3,729
Cash	4.0	<u>1,782</u>	<u>1,056</u>

Total	6.9	37,551	30,500
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32.

18. **Provision for Credit Liabilities (Memorandum Account)**

The Local Government and Housing Act 1989 requires local authorities to set up a Provision for Credit Liabilities. This represents sums set aside for the repayment of debt. These sums are usually the reserved portion of capital receipts and amounts charged to revenue representing reductions in the Council's credit ceiling.

	£'000
Balance 1st April 2003	30,760
Minimum Revenue Provision	-
Capital Receipts set aside	<u>5,120</u>
Balance 31st March 2004	<u>35,880</u>

19. **Premature Repayment of Loans**

During 2003/04 £5.7m of debt was prematurely repaid (£2.2m in 2002/03) resulting in the Council being debt free as at 31 March 2004. Because of the level of interest rates at the time a net discount of £28,000 was received. However due to previously redeemed debt it was necessary to write off premium totalling £238,000 (£157,000 to the Housing Revenue Account and £81,000 to the General Fund).

As at 31 March 2004 accumulated premium of £830,000 is still to be written off to the Housing Revenue Account from debt rescheduling in earlier years.

20. **Post Balance Sheet Event**

The Council transferred its housing stock to the South Norfolk Housing Partnership on 17th May 2004. As at 31st March 2004 £1.1m had been incurred to prepare for the transfer and this amount is included as a sundry debtor within the debtors figure (see note 7 to the Consolidated Balance Sheet). This debt is to be financed by the capital receipt received from the partnership on completion of the transfer.

21. **Contingent Liability**

Since 31st March 2004 the Council has received a claim for £1.8m alleging negligence with regard to the maintenance of land charges. The Council's insurers have refuted this claim and so no provision has been made in the accounts.

STATEMENT OF TOTAL MOVEMENT IN RESERVES

		2003/04	2002/03
		£'000	£'000
Surplus/(Deficit) for the Year			
General Fund		-	-
Housing Revenue Account		(36)	(326)
Collection Fund		15	138
Movements on Specific Reserves		(1,019)	(514)
Actuarial gains and losses relating to pensions	Note 6	<u>3,979</u>	<u>(9,362)</u>
Total Increase/(Decrease) in Revenue Resources	Note 1		2,939
			(10,064)
Increase in Useable Capital Receipts		(1,939)	1,934
Decrease in Unapplied Capital Grants and Contributions		(3)	(3)
Total Increase in realised Capital Resources	Note 2		(1,942)
			1,931
Total Increase in Unrealised Value of Fixed Assets	Note 3		(194,353)
			82,285
Value of Assets Sold	Note 4		(5,098)
			(6,286)
Capital Receipts Set Aside		7,495	8,561
Revenue Resources Set Aside		<u>(2,617)</u>	<u>(1,598)</u>
Total Increase in Amounts Set Aside to Finance Capital Investment	Note 5		4,878
			6,963
Total Recognised Gains		<u>(193,576)</u>	<u>74,829</u>

NOTES TO THE STATEMENT OF TOTAL MOVEMENT ON RESERVES

	General Fund	Housing Revenue Account	Collect'n Fund	Specific Reserves	Pensions Reserve
	£'000	£'000	£'000	£'000	£'000
1. Surplus/(Deficit) for 2003/04	-	(36)	15		(665)
Appropriations to/(from) reserves	-	-	-	(1,019)	
Actuarial gains and losses relating to pensions	-	-	-	-	4,644
	-	(36)	15	(1,019)	3,979
Balance brought forward at 1 April 2003	1,000	377	15	4,549	(11,277)
Balance carried forward at 31 March 2004	1,000	341	30	3,530	(7,298)

	Usable Capital Receipts	Unapplied Capital Grants and Contributions
	£'000	£'000
2. Movement in Realised Capital Resources 2003/04		
Amounts received	436	469
Amounts applied to finance new capital investment	(2,375)	(472)
Total decrease in realised capital resources	(1,939)	(3)
Balance brought forward at 1 April 2003	3,505	3
Balance carried forward at 31 March 2004	1,566	-

	Fixed Asset Restatement Reserve
	£'000
3. Movement in Unrealised Value of Fixed Assets in 2003/04	
Gains on revaluation of fixed assets	(194,353)
4. Value of assets sold	(5,098)
Total movement on reserve in 2003/04	(199,451)

Balance brought forward at 1 April 2003	207,413
-----------------------------------------	---------

Balance carried forward at 31 March 2004	<u>7,962</u>
------------------------------------------	--------------

35.

Capital Financing Reserve	
£'000	£'000

5. Movements in Amounts Set Aside to Finance Capital Investment in 2003/04

Capital receipts set aside

- reserved receipts

5,120

- usable receipts applied

2,375

Total capital receipts set aside

7,495

Revenue resources set aside

- capital expenditure financed from revenue

939

- reconciling amount for provisions for loan repayment

(3,556)

Total revenue resources set aside

(2,617)

Total increase in amounts set aside to finance capital investment

4,878

Total movement on reserve in 2003/04

4,878

Balance brought forward at 1 April 2003

36,436

Balance carried forward at 31 March 2004

41,314

6. Analysis of Actuarial Gains and Losses relating to Pensions

	2003/04		2002/03	
	£'000	%	£'000	%
Actual return less expected return on pension scheme assets	4,620		(9,340)	
- expressed as a percentage of assets as at 31 March		12.3		(30.6)
Expected gains and losses	24		295	
- expressed as a percentage of liabilities as at 31 March		0.1		0.7
Changes in financial assumptions underlying the present value of the scheme liabilities	-		-	
Actuarial gain/(loss)	<u>4,644</u>		<u>(9,045)</u>	
- expressed as a percentage of liabilities as at 31 March		10.4		(22.0)
Increase/(decrease) in irrecoverable surplus from membership fall and other factors	-		-	
Actuarial gain/(loss) recognised in Statement of Total Movements in Reserves	<u>4,644</u>		<u>(9,045)</u>	

7. For more information on reserves see notes 12, 13, 14 and 15 to the Consolidated Balance Sheet.

36.

CASH FLOW STATEMENT

	-----2003/04-----		-----2002/03---	
	£'000	£'000	£'000	£'000
Revenue Activities				
Cash Outflows				
Employees	12,699		11,588	
Other Operating Costs	14,114		12,686	
Housing Benefits Paid	5,028		5,582	
Contbn. To N.N.D.R.Pool	18,497		12,317	
Precepts (incl. prev. years adjs.)				
Norfolk County Council	36,737		31,345	
Norfolk Police Authority	5,096		4,147	
Parishes	1,409	93,580	1,322	78,987
	-----		-----	
Cash Inflows				
Rents	5,307		5,524	
Council Tax	47,817		41,429	
Community Charge	1		7	
Receipt from N.N.D.R. Pool	2,912		4,642	
Non Domestic Rate Receipts	14,087		16,215	
Revenue Support Grant	2,371		1,032	
D.W.P. Grants for Benefits	10,380		6,556	
Other Government Grants	Note 1 2,658		3,187	
Other Operating Income	6,433	91,966	4,814	83,406
	-----	-----	-----	-----
Net Cash Inflow from Revenue Activities	Note 2	1,614		(4,419)
Servicing of Finance				
Outflows - Interest Paid	381		372	
Inflows - Interest Received	644		312	
	-----		-----	
Net Cash Outflow from Servicing of Finance		(263)		60
Capital Activities				
Cash Outflows				
Purchase of Fixed Assets	5,521		4,577	
Deferred Charges	1,497		1,347	
Capital Loans	-		-	
	-----		-----	
	7,018		5,924	
Cash Inflows				
Sale of Fixed Assets	5,425		10,131	
Capital Grants Received	496		726	
Other Capital Cash Income	131		23	
	-----		-----	
	6,052		10,880	
	-----		-----	
Net Cash Inflow from Capital Activities		966		(4,956)
Net Cash Inflow before Financing		2,317		(9,315)
Management of Liquid Reserves				
Net increase/(decrease) of short term deposits	Note 3	(9,230)		4,830

Financing			
Outflows - Repayments of amounts borrowed	7,111		3,805
Inflows - New loans raised	-		-
		-----	-----
Net Cash Outflow from Financing	Note 4	<u>7,111</u>	<u>3,805</u>
(Increase)/Decrease in Cash	Note 5	<u>198</u>	<u>(680)</u>
	37.	-----	-----

NOTES TO THE CASH FLOW STATEMENT

1. Analysis of Other Government Grants

	2003/04	2002/03
	£'000	£'000
Housing Subsidy	1,995	2,890
Recycling Grant	179	
Invest to Save	172	
Other	<u>312</u>	<u>297</u>
	<u>2,658</u>	<u>3,187</u>

2. Reconciliation of Consolidated Revenue Account to Revenue Activities Cash Flow

	2003/04	2002/03
	£'000	£'000
Surplus per Consolidated Revenue A/C	-	-
Non-Cash Adjustments		
Minimum Revenue Provision	-	-
Deferred Purchase Debt Repayment	-	205
Direct Revenue Financing	939	501
Provisions Set Aside	- 13	86
Movement on Reserves	- 1,019	-514
Major Repairs Reserve	2,346	2,382
Other Adjustments	- 21	- 10
Accruals		
Less Increase/Add Decrease in Stocks & W.I.P.	11	-6
Less Increase in Debtors	- 201	- 1,966
Add Increase/Less Decrease in Creditors	- 3,393	3,681
Add Interest Paid	381	372
Less Interest Received	<u>- 644</u>	<u>- 312</u>
Net Cash Inflow from Revenue Activities	<u>- 1,614</u>	<u>4,419</u>

3. Reconciliation of Movement of Financing and Liquid Resources

	As at 31 March 2004	As at 31 March 2003	Movement
	£'000	£'000	£'000
Short Term Investments	<u>-900</u>	<u>-10,130</u>	<u>9,230</u>

4. Reconciliation of Financing Transactions to Consolidated Balance Sheet

	As at 31 March 2004	As at 31 March 2003	Movement
	£'000	£'000	£'000
Loans Repayable within 12 months	-	205	- 205
Long Term Borrowing	<u>-</u>	<u>6,906</u>	<u>-6,906</u>
	<u>-</u>	<u>7,111</u>	<u>-7,111</u>

5. Reconciliation of Cash Movements to Consolidated Balance Sheet

	As at 31 March 2004	As at 31 March 2003	Movement
	£'000	£'000	£'000
Cash	2	2	-
Bank Overdraft	<u>-413</u>	<u>-215</u>	<u>-198</u>
	<u>-411</u>	<u>-213</u>	<u>-198</u>

38.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

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. In this authority that officer is the Head of Financial Services.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the statement of accounts.

The Head of Financial Services' Responsibilities

The Head of Financial Services is responsible for the preparation of the authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the code'), is required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March 2004.

In preparing this statement of accounts, the Head of Financial Services has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code.

The Head of Financial Services has also:

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

I certify that the statement of accounts presents fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2004.

Andy Radford BA CPFA
(Head of Financial Services)

15 December 2005

APPROVAL OF STATEMENT OF ACCOUNTS

I confirm that these accounts were approved by the Final Accounts Committee (delegated by full Council to approve these accounts) at a meeting held on 15 December 2005.

Signed on behalf of South Norfolk District Council

15 December 2005

Vivienne Clifford-Jackson
(Leader of the Council)

Date

STATEMENT OF INTERNAL CONTROL

1. Scope of Responsibility

South Norfolk Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. South Norfolk Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, South Norfolk Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

2. The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. The Internal Control Environment

Establishing and Monitoring the Achievement of the Authority's Objectives

During 2003/4, the Comprehensive Performance Assessment (CPA) assessed the Council's overall performance as 'GOOD', with the Audit Commission commenting that the Council has made significant progress to establish the means to improve service delivery.

As a strength of the Council, the Audit Commission applauded the Council's vision for the area and the positive attitude that members and staff had towards exercising their community leadership role. Partnership working and "openness" of the Council were recognised as other strengths. The Council's determination to follow up on reports – audit reports, best value reports for example – was also applauded.

As a result of the inspection, an improvement plan has been drafted. This will be monitored regularly and an overall annual check will be made and reported as part of the annual audit letter. This will report on the overall "direction of travel" of the Council.

The second Community Strategy for South Norfolk is currently being reviewed and will be published in July 2004. This in turn will inform the Corporate Plan for the Council. The Corporate Plan incorporates the previous Best Value Performance Plan and will influence the Councils medium term financial strategy.

The Facilitation of Policy and Decision-making

There is a need to develop the financial and other management information made available to managers so that they can have the confidence that the best decisions are being made. And, again returning to our CPA report, it was recognised that the performance management system that has recently been introduced into the Council is in its infancy and it was “too early” to assess what critical and visible changes have occurred as a consequence of this investment. There has been further investment in information systems to support this, although more work is required, particularly surrounding the Financial Management system and the HR Management system.

Ensuring Compliance with Established Policies, Procedures, Laws and Regulations, including Risk Management

All services are represented at the Corporate Management Team (CMT), where corporate decisions are taken. Decisions taken by members are subject to a rigorous scrutiny process by the Monitoring Officer, Solicitor to the Council, Section 151 Officer and in most cases all members of CMT before it is considered by Cabinet or full Council. The relevant professional heads are tasked with monitoring compliance with appropriate policies and procedures to ensure all officers work within them.

The Council approved a revised set of Rules For Financial Governance, which describe the financial arrangements to facilitate the effective financial management of the organisation.

Effective Risk Management is in its infancy within the Council. In a strategic sense, various projects and schemes are identified, along with their potential risks. The management of these risks and the steps to be taken to minimise them tends to be more haphazard. This returns to the previously mentioned critical aspects of change and HR management. Nevertheless, the Council is aware of the issues and will be working with Zurich Municipal Management Services (ZMMS) to handle these.

Similar comments can be made on the procurement front. However, a dedicated officer post has been created after a BV Review was carried out. Additionally, further resources have been obtained via the ISB (Internal) and restructuring and the authority can expect a considerable improvement in its track record for 2004/5 and beyond.

There are still cultural issues to be overcome in relation to project management, although considerably more training has been undertaken.

The Council’s Standards Committee, chaired by an independent member has been proactive in ensuring compliance with the Code of Conduct for members of the Council, through monitoring and training.

Economical, Efficient and Effective use of Resources, and Securing Continuous Improvement

Internal Audit has carried out a review of key controls in each of the areas not subject to audit examination during 2003/4 and has established what actions have been taken following reviews undertaken during 2003/4.

Based upon this work, the Audit Manager is of the view that the overall adequacy and effectiveness of the internal control environment is satisfactory given the size of the Council.

The Financial Management and Reporting of the Authority

The Council's overall financial position is sufficiently robust; the Council is not spending, nor committing to spend, beyond what is affordable. The Medium Term Financial Planning process is in need of development so that service objectives can be budgeted for in future years and a longer-term view of South Norfolk can be adopted. This requires the closer integration of financial and corporate planning processes across the Council. The draft Corporate Plan picks up these relationships and a year planner has been organised to assist staff members and partners. The impact of LSVT of the Council's housing stock will lead to a full review of the Council's financial plans, which will be informed by the review of both the Community Strategy and the Corporate Plan.

The Performance Monitoring and Reporting of the Authority

The management restructuring in April 2003 facilitated an increased focus on performance management. The establishment of a performance review team, working alongside service managers in setting, monitoring and improving on performance, has produced good results.

There have been adverse comments made by the Audit Commission about the accuracy of data when compiling performance indicators. Further work in this area has occurred in 2003/4 to address these concerns. Accordingly, and as stated earlier, a much stronger performance management culture, which is supported by members, will assist the Council make significant improvements on this front.

4. Review of Effectiveness

The Council is responsible for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the senior managers within the authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates. During 2003/04 the overall effectiveness of internal control has been maintained, although improvements are required to ensure regular reconciliations for rent, allowances, rent rebates and VAT, and confirmation of payroll costs by managers. Arrangements have since been implemented to ensure that these controls are undertaken on a regular and timely basis.

The roles of the Council, Cabinet and internal audit are set out in the Rules of Financial Governance. Particularly, Cabinet receives regular report from internal audit on outcomes from audits undertaken. The Cabinet is requested to approve the annual and 5 year audit plan. The Cabinet receives and approves annual updates on risk management work.

Action plans to meet all internal control issues identified and allocated to an individual officer. These are monitored and followed up to ensure compliance within within agreed timescales.

5. Significant Control Issues

These are referred to in other parts of the Statement, which includes commentary on actions taken or proposed to deal with significant internal control issues.

The Council will be undertaking further work during 2004/05 so that a more comprehensive Statement of Internal Control can be produced at that time.

Geoff Rivers
(Chief Executive)

15th December 2005

Vivienne Clifford-Jackson
(Leader of the Council)

15th December 2005

Independent Auditor's Report to South Norfolk District Council

I have audited the statement of accounts on pages 12 to 38 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 7 to 11.

This report is made solely to South Norfolk District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission.

Respective responsibilities of the Chief Financial Officer and Auditor

As described on page 39 the Chief Financial Officer is responsible for the preparation of the statement of accounts in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2004. My responsibilities, as independent auditor, are established by statute, the Code of Audit Practice issued by the Audit Commission and my/our profession's ethical guidance.

I report to you my opinion as to whether the statement of accounts present fairly the financial position of the Council and its income and expenditure for the year.

I review whether the statement on internal control on pages 41 - 44 reflects compliance with CIPFA's guidance 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003' published on 2 April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider whether the statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures. My review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

I read the other information published with the statement of accounts and consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the statement of accounts is free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion, I evaluated the overall adequacy of the presentation of the information in the financial statements.

Opinion

In my opinion the statement of accounts presents fairly the financial position of South Norfolk District Council as at 31 March 2004 and its income and expenditure for the year then ended.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Signature:

Date: 16 December 2005

Name: Andy Perrin, District Auditor

Address: Audit Commission
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Lytton Way
Stevenage
Herts SG1 3HB