

Statement of Accounts

2010/2011



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If you need the Statement of Accounts
in large print, audio, Braille, alternative
format or in a different language, please
call us at South Norfolk Council on
01508 533919.



EXPLANATORY FOREWORD

1. Introduction

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.

2. The Statements

The Council's accounts for the year 2010/11 are set out on pages 30 to 34. The accounts contain a series of statements, summarising financial activity during the year and setting out the Council's assets and liabilities at 31 March 2011.

The accounts consist of the following:-

- Movements in Reserve Statement
- Comprehensive Income and expenditure Statement
- Balance Sheet
- Cash Flow Statement

Further information detailing the purpose of each statement and the relationship between them is given on page 30.

These accounts are supported by the significant accounting policies set out in pages 18 to 29 and various notes to the accounts which start on page 35.

3. General Fund

The 2010/11 budget, excluding parish precepts, of £14.397 million was set by the Council in February 2010 and included the use of £97,000 to fund the transitional costs of moving to a lower base budget following the re-organisation in October 2009. At the start of the financial year £392,000 slippage requests were transferred from the General Revenue Reserve. These related to areas of expenditure which had not taken place in the previous financial year and increased the base budget to £14.789 million.

The budget and outturn for the financial year 2010/11 are summarised below:

	Budget 2010/11 £million	Provisional Outturn 2010/11 £million	Variance £million
Pay	13.166	12.881	(0.285)
Non-pay	11.655	10.770	(0.885)
Income	(10.032)	(10.947)	(0.915)
Total	14.789	12.704	(2.085)

The surplus of £2.085 million will increase the General Revenue Reserve from £2.848 million to £4.933 million.

4. Services expenditure, interest payable and other operating costs compared in overall terms to budget

	Net Cost £000s	Budgeted Cost £000s	Variance to Budget £000s
Service Areas:-			
Cultural, Environmental and Planning	9,282	10,054	(772)
Highways, Roads and Transport	614	980	(366)
Housing	2,256	4,995	(2,739)
Central Services	1,283	160	1,123
Corporate Management	769	2,406	(1,637)
Non Distributed Costs	(7,536)	0	(7,536)
Net Cost of Services	6,668	18,595	(11,927)
Other Operating Expenditure:-			
Gain Loss on Disposal of Property Plant & Equipment	(441)	0	(441)
Gain Loss on Disposal of Investments	(40)	0	(40)
Precepts Paid to Parish Councils	2,675	2,675	0
Payments to Housing Capital Receipts	1	0	1
Financing and Investment Income and Expenditure:-			
Trading Undertakings	279	101	178
Interest Payable or Similar Charges	20	94	(74)
Interest and Investment Income	(654)	(523)	(131)
Pension interest costs	1,078	210	868
Taxation and Non-Specific Grant Income:			
Revenue Support Grant	(1,065)	(1,065)	0
Contribution from Non Domestic	(7,335)	(7,335)	0
Income from Collection Fund	(8,795)	(8,671)	(124)
Local Authority Business Grant	0	0	0
(Surplus)/Deficit on Provision of Services	(7,609)	4,081	(11,690)

Analysis of major variances

The reduction of the Pension Liability has caused an unexpected credit to the Non Distributed Costs line and subsequently the Surplus/Deficit on Provision of Services. This was due to the change in assumptions that are now based on CPI rather than RPI.

Housing shows a favourable variance resulting from delays in the capital programme for providing low cost housing £0.972 million & Renovation Grants £0.748 million. These are charged as expenditure through the Comprehensive Income and Expenditure Account as revenue expenditure funded from capital under statute.

5. Assets and Liabilities

The approved Capital Programme for 2010/11 was £6,025,199 of this £3,316,285 has been spent. This amounts to 55% of the total Capital Budget, leaving an under spend of £2,708,914 (45%) at the end of the year. The under spend is predominantly on funding for Low Cost Housing and the Invest to Save project, both of these projects will be slipped into the capital programme for 2011/12 and beyond.

The main areas of capital expenditure during the financial year were :

- A range of grants and loans to support people remaining in their homes, these have been treated as revenue expenditure funded from capital under statute.
- Replacement of waste collection vehicles
- Replacement of various waste bins
- Corporate capital grants, these have been treated as revenue expenditure funded from capital under statute.
- Grants given to the Hethel Engineering Centre and the Genome Analysis Centre, these have been treated as revenue expenditure funded from capital under statute.

Further information is provided in notes 5, 6, 7, 28 and 29 to the accounts.

The pension liability has improved significantly in 2010-11 and the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement shows a credit of £7,536k which is principally due to the fact that pension increases are being linked to CPI rather than RPI from June 2010. Further details on the Pension Fund are given later in this Foreword.

6. Building Control

Together with Broadland District Council and Norwich City Council the authority formed a partnership to deliver the building control function in 2004. In September 2010 Kings Lynn and West Norfolk Borough Council joined the partnership. The partnership is managed by a joint committee (Central Norfolk consultancy – C.N.C.) with representatives from each Council. South Norfolk Council is providing the accountancy support to the partnership. The joint committee is brought into the South Norfolk Council accounts based on their equal share (pro-rated for Kings Lynn and West Norfolk Borough Council), and in accordance with The Code.

C.N.C. Consultancy Services Limited was incorporated on 18 December 2007 and commenced trading on 14 May 2008. The company established to provide a bespoke Building regulation and Energy Consultancy Service from the inception of a project through to completion. The structure of the company, governed by Norwich City Council, Broadland and South Norfolk District Council, is that of an associate, in accordance with the powers provided by the Local Government Act 2003. The Board of Directors consist of representatives appointed by the three Councils. Kings Lynn and West Norfolk Borough Council will be joining the company during the forthcoming financial year 2011/12.

7. Pensions

The accounts and notes with relation to the pension fund have been prepared in accordance with International Accounting Standard (IAS) 19.

The Pension Fund liability shown in the Balance Sheet as at 31st March 2011 stands at £18.6 million compared with £37.8 million the previous year. This represents the liability to the Norfolk Pension Fund. This amount is matched by a pension reserve also shown in the Balance Sheet and therefore has no impact on the Council's overall financial position at 31st March 2011. The IAS 19 balance sheet position for the Council has improved in 2010-11 and the IAS 19 pension deficit is smaller in monetary terms at 31st March 2011. This is principally due to the fact that the financial assumptions determined by Hymans Robertsons, an independent firm of actuaries, are more favourable at 31 March 2011, than they were at 31 March 2010. The assumptions now reflect that pension increases are being linked to CPI rather than RPI from April 2011 (announced in the coalition emergency budget June 2010). Hymans Robertsons uses a set of demographic assumptions that are consistent with those used for the Norfolk Pension Fund. Further information in relation to pensions is detailed at Note 33 within the Notes to the Financial Statements on page 67.

8. Material and unusual items charged/credited to the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement

Revaluation losses reversed for property, plant and equipment were credited to the surplus/deficit on provision of services in the Comprehensive Income and Expenditure Statement, during the year to 31st March 2011, and amounted to £1.202 million. They relate to property with an increased revaluation this year but which have revaluation losses recorded in previous years. These offset with £0.579 million debited to the surplus/deficit on provision of services and due to those revaluation losses for 2010-11.

Non distributed costs line within costs of services analysis at the top of the Comprehensive Income and Expenditure Statement (Page 32) shows a credit of £7.5 million. This is the result of the reduction in the pension liability during 2010-11 as explained in the section above and Note 33 to the Financial Statements on page 67.

Housing Benefit grant received in 2010-11 amounted to £31 million. This income is received from the Department of Work and Pensions and is reimbursement to this authority, for providing payments of housing benefit to those in the local community on low incomes who need additional support in respect of council tax and rent.

9. Changes on accounting policies

Local government authorities are required to prepare the accounts for 2010/11 in accordance with International Financial Reporting Standards (IFRSs). This is a change from previous years, when accounts were prepared under UK General Accepted Accounting Practice (UK GAAP). The transition is complex and is covered

by IFRS1 First Time Adoption of IFRS. This initial standard sets out the requirement for entities reporting for the first time under IFRS.

The accounting policies adopted by the District Council comply with the relevant recommended accounting practice, except where stated. Due to the introduction of IFRS there are some significant changes compared to previous years. These are:

- Government Grants and Contributions – Unless there are specific conditions, grants and contributions, received are accounted for immediately in the comprehensive income and expenditure statement. The previous accounting policy was to match the expenditure with the grant.
- Leases – The definition of finance/operating leases has changed and leases have been reviewed to comply with the new definition. Property leases are now classified and accounted for as separate leases of land and buildings.
- Property, Plant and Equipment – The value of assets which can be split into “components” are now accounted for separately with a depreciation charge on each part. A new classification of “Assets held for sale” has been introduced and the accounting definition of impairment has changed (IAS36). Impairments must be asset specific through asset obsolescence, physical damage or an unusual decline in value than expected through use or as a result of the passage of time. The term revaluation loss now applies to those assets where a reduction in value is not asset specific but is merely the result of market conditions.
- Investment Properties – Assets held as investments properties have been reviewed to ensure their compliance with IAS40 and The Code. Those which no longer meet the definition of investment properties have been transferred to Property, Plant and Equipment. Any revaluation of investment properties whether it be an increase or a decrease in valuation is accounted for through the comprehensive income and expenditure statement. Previous accounting policy was to recognise any revaluation gain in the Revaluation Reserve.
- Cash and Cash Equivalents is a new term and replaces Cash and Bank in the Balance Sheet. The new definition differs from the old by including those items deemed cash equivalents and draws in cash deposits which have short maturity dates of less than 3 months from date of acquisition.
- Accumulated Absences – The cost of any untaken leave and similar employee benefits at the end of the financial year is now accrued for and included within the accounts.

10. Changes to statutory functions and delivery of services

The Council is faced with having to achieve a £3.149 million reduction to its cost base over the next three years, as a result of projected reductions in government grants and external cost pressures such as inflation.

The Council's strategy to achieve this is two fold, firstly undertaking lean reviews of services to drive out waste and efficiencies and the potential for shared services. Neither strategy will achieve the level of savings required on its own. The amount of

the reduction has increased as additional cost pressures have been identified from areas such as the Localism Bill.

There have been no changes to statutory functions during 2010-11.

11. Borrowings and financing activities

The Council does not have any borrowings and remains debt free. The Council managed its investments and borrowings in accordance with the limits approved by the Council.

12. Financing of the Council's Capital Programme

Resources used to finance capital expenditure is given in note 28 on page 58. Further information regarding the use of capital receipts is shown on the Movement in Reserves Statement on page 31 and Note 20 to the Financial Statements on Page 51.

The Council holds receipts of £14.342 million, which along with reserves and balances of £9.041 million are invested to earn interest, which is credited to the General Fund. The Council has investments in a number of banks and building societies.

13. Significant provisions, contingencies and write-offs

The Council brought forward provisions of £1.129 million at the start of financial year 2010-11. Those provisions were for bringing sewerage treatment works up to adoptable standards, legal costs relating to a judicial review against retrospective planning permission and a court case likely to incur costs for Hethel wind turbines. These provisions have reduced during this financial year to £0.479 million, due to expenditure incurred as anticipated. Note 18 within the Notes to the Financial Statements provides further details.

Contingencies have been disclosed in Note 35 to the Financial Statements. Further guidance on the definition of a contingent asset or liability and its disclosure is given in section Significant Accounting Policies at section 16.

14. Material Events after the Balance Sheet Date

The Code of Practice requires the Council to consider events occurring after the Balance Sheet date and up to the date the accounts are authorised for issue.

Note 36 within the Notes to the Financial Statements on page 72 disclose any events of this nature where necessary.

ANNUAL GOVERNANCE STATEMENT

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 responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

South Norfolk Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website or can be obtained from the Democratic Services Team Leader. This statement explains how South Norfolk Council has complied with the code and also meets the requirements of regulation 4 (3) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of a statement on internal control.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes for the direction and control of the authority and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of South Norfolk 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.

The governance framework has been in place at South Norfolk Council for the year ended 31 March 2011 and up to the date of approval of the statement of accounts.

The Governance Framework

An annual review of the Governance Framework at South Norfolk Council was completed prior to the preparation of the Annual Governance Statement.

The Council's Vision and Intended Outcomes:

South Norfolk Council's vision is "to retain and improve the quality of life in South Norfolk, for now and future generations, to make it one of the best places to live and work in the country." The Corporate Business Plan drives the Council's vision and intended outcomes for citizens and service users. The Council's corporate priorities, agreed in November 2010, are as follows:

- Enhancing our quality of life and the environment we live in.
- Promoting a thriving economy.
- Supporting communities to realise their potential.
- Driving services through being businesslike, efficient and customer aware.

The vision and intended outcomes are communicated through the Corporate Business Plan, plus regular briefings, press releases, website and the Link magazine, which is delivered to every household and business in the district.

The Corporate Business Plan integrates with the Council's financial plan to form the Directorate Plans which set out the outcomes to be delivered by the organisation. This year the Scrutiny and Overview Committees had the opportunity to scrutinise the Directorate plans in January alongside the Corporate Business Plan and budgets for the financial year 2011/12.

In order to maintain and understand its customer service and to establish the changing needs of the local community, the Council engages the help of The Citizens Panel. This is a forum of citizens recruited in Norfolk for consultation by a consortium of Norfolk councils and other statutory agencies. The Citizens Panel provides feedback which, ensures the Council's priorities remain responsive and relevant to citizens and services users.

Review of the Council's Vision and Implications for Governance Arrangements:

The vision was reviewed in November 2010, and the Council undertook a major review of its organisational structure and resource alignment during 2009. Since then further changes have taken place at Directorate level with the number of Directors being reduced.

The Moving Forward Together programme develops the organisation and employees so that they are able to adapt to change. This programme, implemented from April 2010 onwards, aims to sharpen the customer focus, become more business-like and our staff to be consistently "can do" across the Council. The Council has now agreed to consider the sharing of services to deliver future efficiency savings and provide greater resilience. The change management

programme has now been successfully integrated into business as usual, being part of the organisational culture. Also under the programme of Moving Forward Together and alongside the Shared Services project the Council is undertaking lean systems thinking to ensure it achieves the best use of its resources whilst reducing costs. Lean can be defined as ‘people at all levels in an organisation systematically and continuously identifying and eliminating things that waste time, cause blockages to flow and generally add no value to the customer.’

As part of the change programme the values of the Council were reviewed in 2009/10 and the following values were adopted which remain valid:

- Pride in South Norfolk – in the place and the Council. We are committed to improving the quality of life in our district.
- Community Focus – working with partners to help meet the aspirations of our community by empowering and leading them.
- Valuing People – respecting people, being honest with them and putting them at the heart of what we do.
- Responsive and Accountable – communicating clearly and openly our decisions and actions and delivering on promises.
- Ambitious and Resourceful – being innovative, creative and flexible in the way we change to anticipate the needs of our community.

As a result of the adoption of the above values projects such as the Discover South Norfolk Day, GEMs awards and Management Leadership course have been delivered.

During the year the Council has:

- Reviewed and updated its Constitution
- Reviewed the Council’s Vision and Priorities
- Reviewed the Counter Fraud and Corruption Strategy and Whistleblowing Policy
- Established a Money Laundering Policy
- Undertaken a Staff Survey
- Reviewed Risk Management and are implementing recommendations arising from an audit review
- Reviewed Corporate Governance and are implementing recommendations for improvement

Measuring the Quality of Services for Users and Ensuring they are delivered in accordance with the Council’s objectives and best use of resources:

The Council uses a performance management framework which cascades from corporate priorities through directorate plans to individual staff targets.

Performance is managed during the year. Key projects are subject to a business case to secure resources, to highlight risks and desired outcomes. Projects are categorised as either Corporate or Directorate projects. Quarterly monitoring of

these projects is either at management board or cabinet level dependent upon the type of project.

Performance is monitored by the Overview and Scrutiny sub-committees, ensuring member input into the process.

The Localism Bill will provide users greater powers to ensure services are delivered in accordance with their requirements. The Council will need to review arrangements through which public functions and the funding thereof are delegated.

The Council has created five Neighbourhood Boards, chaired by a South Norfolk Councillor and supported by four other ward Members. Local people will be represented on these Boards as will members of other public agencies. Together they will have a more powerful voice and responsibility for delivering social, environmental and economic projects which matter most in each area.

Defining and Documenting Roles and Responsibilities of Councillors and Officers:

The Council's constitution, scheme of delegation, codes of conduct and rules of financial governance set the framework in which the organisation makes decisions. These were all reviewed during 2010/11 to ensure they each support the Council's governance arrangements.

During the year, Internal Audit undertook a review of the Council's Corporate Governance, which focused upon committee terms of reference, committee reporting and member training; an "adequate" assurance opinion was awarded.

Codes of Conduct Defining Standards of Behaviour for Councillors and Officers:

Codes of conduct exist and are regularly reviewed. Training was provided to Members and Officers.

The Council's Standards and Ethics Committee, chaired by an independent person, has helped to ensure compliance with the Code of Conduct for Members of the Council, through monitoring and training.

Clearly define how decisions are taken

As part of the review of the constitution standing orders, Rules of Financial Governance, and the scheme of delegation were all reviewed and updated where necessary. This and all relating documentation were approved by Council in December 2010.

The Council conforms to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)

The Rules of Financial Governance explain the statutory duties of the Financial Services Manager including the responsibility under direction of the Cabinet for the proper administration of the Council's financial affairs. The Council's governance arrangements allow the Financial Services Manager to bring influence to bear on all material business decisions.

The Accounts, Audit and Governance Committee (formerly called the Accounts and Audit Committee):

The Council's Accounts, Audit and Governance Committee met regularly during the year. Its key tasks were to monitor the work of Internal Audit, to approve the statutory accounts, to review risk management and to manage the work in supporting the production of this Annual Governance Statement.

Ensuring Compliance with Laws and Regulations, Internal Policies and Procedures:

Responsibilities for statutory obligations are formally established. The Chief Executive disseminates statutory instruments to Managers responsible for acting on them. The relevant professional Officers are tasked with ensuring compliance with appropriate policies and procedures to ensure all Officers work within them.

Decisions to be 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 Corporate Management Team before they are considered by Cabinet or full Council.

Service Managers produced an Assurance Framework for each service, as evidence to identify the governance arrangements in existence in each service. The outcomes of this Assurance Framework are described under Managers Assurance within Governance Issues

Whistle-blowing Policies and Investigating Complaints:

The Council has a Whistle-blowing Procedure which was revised during the year and approved by Council. There is a formal complaints procedure operated as part of the Council's performance management framework.

The Council has a Housing and Council Tax Benefit Anti-fraud and Corruption Policy, and a Council wide Counter-fraud and Corruption Strategy which has been reviewed during the year. These both exist to tackle fraud and corruption.

An action plan has been developed to deliver the strategies which will be subject to on-going review by Corporate Management Team and the Accounts, Audit & Governance Committee.

Development Needs of Councillors and Senior Officers:

There is a training programme in place for Officers and Members. This is drawn up from new risks or legislation, or from staff appraisals. The Council has an extensive investment in training.

Establishing Communication with all Sections of the Community and Other Stakeholders:

In 2008 a Sustainable Community Strategy was published through the South Norfolk Alliance, this included a 10 year plan with objectives for the next 3 years. The

Council is working with County Council, other Norfolk district Councils, the police, health authorities, businesses, and voluntary and community groups.

The Council consults through the Citizen's Panel, to gauge public opinion on a number of issues such as shaping the budget.

Good Governance Arrangements with Partnerships:

The Council produced a Framework for Partnership working in 2009. The Council has effective partnership arrangements in place; a schedule of reviews to examine each significant partnership over a three year period has been formed. This review is undertaken by the Council's Scrutiny Committee in respect of costs, outcomes and risks. This review takes place in January to provide the opportunity to influence the budget setting process. There are terms of reference for each partnership and the framework now includes a section on good governance in partnerships.

Review of Effectiveness

The Role of the Council

South Norfolk Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Managers and Members within the authority who have responsibility for the development and maintenance of the governance environment, Internal Audit's annual report, and also by comments made by the External Auditors and other review agencies and inspectorates.

The Role of the Cabinet

The Cabinet reviewed the Corporate Plan and a range of strategies and policies during the year, including the Financial Strategy, Capital Strategy and Asset Management Plan. It received regular reports on performance monitoring, projects and financial implications.

The Role of the Accounts, Audit and Governance Committee

The role of the Committee is described above. They also ensure that they are happy that the control and governance arrangements have operated effectively. The Accounts, Audit and Governance Committee is updated on the status of corporate governance within the Council which has led to an improvement in this area.

The Role of the Scrutiny Committee

The Scrutiny Committee can undertake any work relating to the four key principles of scrutiny as follows:

- Hold the Executive to account (Call-In)
- Performance management
- Assist policy development and review
- Internal/external scrutiny

The work of the Scrutiny Committee is summarised to Council in an Annual Report.

The Role of the Chief Financial Officer

The Financial Services Manager for the purposes of S151 of the Local Government Act 1972 is responsible under the general direction of the Cabinet for the proper administration of the Council's affairs. This statutory responsibility cannot be overridden. Responsibilities include:

- Setting and monitoring compliance with financial management standards
- Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management

Section 114 of the Local Government Finance Act 1988 requires the Financial Services Manager to report to the full Council, Cabinet and External Auditor if the authority or one of its Officers:-

- Has made, or is about to make, a decision which involves incurring unlawful expenditure
- Has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the authority
- Is about to make an unlawful entry in the authority's accounts.

The Council has not been required to make such a report.

The Role of Internal Audit

All audits are performed in accordance with the good practice contained within the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006. Internal audit report to the Accounts, Audit and Governance Committee and provides an opinion on the system of internal control, which is incorporated in the Annual Report for 2010/11.

The Accounts, Audit and Governance Committee is required to undertake an annual review of the Internal Audit Service, to ensure that it is operating effectively. For 2010/11, the Internal Audit Service was deemed to be "effective".

The Role of External Review Bodies

The Audit Commission review the Council's arrangements for:

- preparing accounts in accordance with statutory and other relevant requirements
- ensure the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice
- Managing performance to secure economy, efficiency and effectiveness in the use of resources

The auditors give an opinion on the Council's accounts, corporate governance and performance management arrangements. The Council takes appropriate action where improvements need to be made.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by internal audit, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Governance Issues

Managers Assurance

Managers undertook a self assessment of the overall Assurance Framework relating to their service area. This self assessment has highlighted the following areas of risk:

- The policies and procedures within services do not consistently meet the Council's Equalities Standards, and not all have been subject to an Equality Impact Assessment.
- Health and Safety Risk Assessments are not always completed by all services.

Internal Audit

The Annual Audit Plan for 2010/11 is now complete, and based on the work performed, Internal Audit is able to provide an "adequate" opinion on the system of internal control.

There were no high priority recommendations outstanding at the 31 March 2011 and Internal Audit stated there were no significant issues that would warrant inclusion in the Annual Governance Statement.

In 2009/10 the audit of procurement was awarded an "unsatisfactory" audit opinion. An action plan was drawn up to ensure the recommendations arising from the audit were implemented. This plan was monitored by the Accounts, Audit & Governance Committee during the year. The plan has been delivered and procurement is subject to a follow up audit in 2011/12.

Risk Management

A quarterly report on Risk Management is taken to the Accounts, Audit and Governance Committee. There are currently five high rated risks. These are:

- Risk of external Government funding reducing
- Change in legislation and Central Government Policy
- An employee or other person suffering a serious injury or ill health as a result of the Council's activities or undertaking
- Assets are unfit for purpose and/or raise health & safety issues
- Lack of strategic leadership and management of Emergency Planning activities.

Each risk has an agreed action plan managed by Officers and monitored on a quarterly basis by Members.

All partnership and project risks have been reviewed. Other risks will be added to the register as and when they are identified. Risks are reviewed regularly with further consideration by the Corporate Management Team and the Accounts, Audit & Governance Committee.

Signed:

A handwritten signature in black ink, appearing to read 'John Fuller', written over a light blue horizontal line.

John Fuller (Leader of the Council)

30 September 2011

Signed:

A handwritten signature in purple ink, appearing to read 'Sandra Dinneen', written over a light blue horizontal line.

Sandra Dinneen (Chief Executive)

29 September 2011

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

The Financial Services Manager's Responsibilities

The Financial Services Manager 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 a true and fair view of the financial position of the authority at the accounting date and its Income and Expenditure for the year ended 31st March 2011.

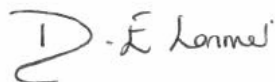
In preparing this Statement of Accounts the Financial Services Manager has:

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

The Financial Services Manager 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 a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March 2011.

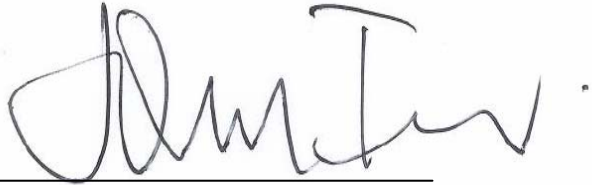


Deborah Lorimer FCCA
(Financial Services Manager)

APPROVAL OF STATEMENT OF ACCOUNTS

I confirm that in accordance with the authority delegated by Council, the accounts for the period 1 April 2010 to 31 March 2011 were approved by the Accounts, Audit and Governance Committee at a meeting held on 29 September 2011.

Signed on Behalf of South Norfolk District Council

A handwritten signature in black ink, appearing to read 'John Fuller', written over a horizontal line.

John Fuller
(Leader of the Council)

SIGNIFICANT ACCOUNTING POLICIES

1. General Principles

The Statement of Accounts summarises the Council's transactions for the financial year 2010/11 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 Regulations 2011. The regulations require these to be prepared 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) and statutory guidance issued under section 7 of the 2011 Accounts and Audit Regulations.

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.

2. 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.

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of the completion of the transaction.
- Supplies are recorded as expenditure when they are consumed
- Expenses in relation to services received are recorded as expenditure when the services are received rather than when payments are made.

3. Cash and Cash Equivalents

Cash is represented by cash in hand and on demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment will normally qualify as a Cash and Cash Equivalent only when it has a short maturity of 3 months or less from the date of acquisition.

4. Prior Period Adjustments

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 performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the 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.

5. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding Property, Plant & Equipment 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 assets attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, impairment losses, amortisation or revaluations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance known as the Minimum Revenue Provision.

Depreciation, impairment losses, amortisation and revaluations (not charged through the Revaluation Reserve) are adjusted through the Capital Adjustment Account and reversed out of the Comprehensive Income and Expenditure Statement through the Movement in Reserves Statement.

6. Employee Benefits

Short term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave, paid sick leave and flex leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made at the salary rate applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Comprehensive Income and Expenditure Statement, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

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. These are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to the termination of 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 Movements in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with the debits for the cash

paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits Employees of the Council are eligible to become members of the Local Government Pension scheme (subject to qualifying criteria), administered by Norfolk County Council.

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

- The liabilities of the pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method- i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 5.5% based on the yield available on a basket of AA- rated bonds with long terms to maturity (the iBoxx Sterling Corporates AA over 15 years Index)
- The assets of the Norfolk 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, being the increase in liabilities as result of years of service earned this year. This is allocated in the Income and Expenditure Account to the revenue accounts of services for which the employees worked.
 - past service cost, being the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. This is debited to the Net Cost of Services in the Income and Expenditure Account as part of Non Distributed Costs.
 - interest cost, being the expected increase in the present value of liabilities during the year as they move one year closer to being paid. This is debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Account.
 - expected return on assets, being the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return. This is credited to Net Operating Expenditure in the Comprehensive Income and Expenditure Account.
 - gains/losses on settlements and curtailments, being the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees. This is debited to the Net Cost of Services in the Comprehensive Income and Expenditure Account as part of Non Distributed Costs.
 - actuarial gains and losses, being changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. This is debited to the Movement in Reserves Statement.

- contributions paid to the Norfolk pension fund, being cash paid as employer's contributions to the pension fund.

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.

7. Events after the Balance Sheet Date

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

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

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

8. Financial Instruments

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Account for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Account, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Income and Expenditure Account to the net charge required against the Comprehensive Income and Expenditure Account is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial assets

Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Account for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

9. Government Grants and other Contributions

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

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

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

Monies advanced as grants and contributions for which conditions have been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non Specific Grant Income (non ring fenced Revenue Grants and all Capital Grants) in the Comprehensive Income and Expenditure Statement.

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

Area Based Grant (ABG) is a general grant allocated by central government directly to local authorities as additional funding. ABG is non ring-fenced and is credited to Taxation and Non Specific Grant Income in the Comprehensive Income and Expenditure Statement.

10. Intangible Assets

Expenditure on purchased software together with the direct costs incurred in the commissioning or enhancement of the software are capitalised when it will bring benefits to the Council for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment (5 years).

Intangible Assets are initially measured at cost. Amounts are only revalued where the fair value of the asset held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines 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 lines in the Comprehensive Income and Expenditure Statement.

Any gain or loss arising on the disposal 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, revaluations, 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.

11. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

12. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arms-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 applies to gains and losses on disposal.

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

13. 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 building 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 Lessor:

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet 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 part of the gain or loss on disposal.

Lease Rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor, and
- Finance income

The Council as Lessee:

Finance Leases

The Council as a lessee recognises finance leases as assets and liabilities on the Balance Sheet at amounts equal to the lower of fair value or the present value of the minimum lease payments. The discount rate used is the rate implicit in the lease or the Council's incremental borrowing rate - whichever is more practicable.

Rentals payable are apportioned between:

- finance charge (interest). The finance charge is debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement as the rent becomes payable; and
- the reduction of the outstanding liability - the liability is written down as the rent becomes payable.

Assets recognised under finance leases are accounted for using the policies applied generally to Property items of Property Plant & Equipment. The depreciation and revaluation of assets recognised under finance leases is consistent with the policy for owned asset, subject to depreciation being charged over the shorter of the lease term and the asset's estimated useful life. After initial recognition, such assets are subject to revaluation in the same way as any other asset.

Operating Leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. All assets subject to operating leases will be presented on the Balance Sheet according to the nature of the asset. Costs, including depreciation are recognised as an expense.

Rental Income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Operating lease payments are charged to the relevant service line in the Comprehensive Income and Expenditure Statement.

14. Overhead and Support Services

The costs of overhead and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2010/11 (SERCOP). The total absorption costing principles is used- the full cost of overheads and support services are shared between users in proportion of the benefits received, with the exception of:

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

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

15. Property, Plant & Equipment

Property, Plant & Equipment are non-current assets that have physical substance and are held for use in the provision of services, for administrative purposes or to yield benefits to the Council for a period of more than one year.

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 assets potential to deliver future economic benefits or service potential is charged as an expense when it is incurred.

Schemes that cost less than £10,000 are classified as de minimis and these schemes are classed as revenue rather than capital expenditure

Componentisation Policy - Where an item of property or plant has more than one major component, The Code states that we need to apply component accounting and depreciate it separately over that major component's remaining useful economic life. Any asset deemed to be of sufficient value, in line with this Council's componentisation policy, shall be depreciated separately in accordance with The Code. It is this authority's componentisation policy to account separately for any major class of component, in respect of enhancement expenditure, disposal or valuation, where the following criteria are met:-

- Firstly, the major component value must be more than 20% of the property value as a whole.
- Secondly, the value of the major component must be above a £200,000 de minimis level.

Where a component is an integral part of a property, it is only accounted for separately from the main structure where it satisfies both of the above criteria.

Measurement – Assets are initially measured at cost, comprising purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction (excluding investment property) shall be measured at historical cost.
- All other assets shall be valued at fair value. If there is no market-based evidence of fair value because of the specialist nature of the asset and the asset is rarely sold, the estimate for fair value may be depreciated replacement cost (DRC). Specialist assets will only be categorised as such, and DRC applied, when so determined by a professionally qualified valuer.
- Non-property assets such as vehicles, plant & equipment shall be measured at fair value. Assets that have short useful lives, i.e. less than 7 years, or low values, i.e. less than £50,000 or both, Depreciated Historical Costs (DHC) will be used as a proxy for fair value.

Assets included on the Balance Sheet at fair value are valued on a rolling 5-year programme or when there has been a material change in the value. Where there has been a market condition affecting property values, indexation will be applied only if the change in values is found to be material.

Where decreases in value are identified, they are accounted for, as below:

- 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 accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

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.

Depreciation – Land and buildings are separate assets even if acquired together. Depreciation applies to all property, plant and equipment except:

- Freehold land, as this is considered to have an infinite useful life;
- investment properties carried at fair value;
- assets held for sale;
- assets where it can be demonstrated that the asset has unlimited useful life.

An asset shall not be depreciated:

- until it is available for use;
- when the residual value of an asset is equal or greater than the asset's carrying amount.

For all assets that are depreciated, depreciation is calculated on a straight line basis. Where an item of Property, Plant and Equipment asset has major

components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Depreciation charged to the Comprehensive Income and Expenditure Statement is not a proper charge to the General Fund; such amounts shall be transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement. On a revalued asset, a transfer between the Revaluation Reserve and Capital Adjustment Account shall be carried out which represents the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's historical cost.

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 there is less than the carrying amount of the asset, an impairment loss is recognised by shortfall.

Where impairment losses/revaluation losses are identified they are accounted for, as below:

- 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 the balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where impairment losses/revaluation losses are reversed subsequently, the reversal is credited to the relevant service line 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.

Disposals and Non Current Assets Held for Sale – Non-current asset are classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continued use.

The following criteria will have been met before an asset can be classified as held for sale under:

- The asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets.
- The sale must be highly probable; the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset must be actively marketed for a sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and Fair value less costs to sell. Where there is a

subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in Fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet 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 are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on 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. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment. 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 Property, Plant and Equipment and intangible non-current assets, is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

16. Provisions, Contingent Liabilities and Contingent Assets

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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 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 readily.

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

Contingent Assets – A contingent asset arises when 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 benefit or service potential.

17. Reserves

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

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

18. Revenue Expenditure funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that 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 Movements 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.

19. Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from Income.

FINANCIAL STATEMENTS

MOVEMENT IN RESERVES STATEMENT

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

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.

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (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, i.e. 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 are those that the Council is not able to use to provide services. This category of reserves includes reserves 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'.

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 flow 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 (ie Borrowing) to the Council.

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £000s	Earmarked General Fund Reserves £000s	Housing Revenue Account £000s	Capital Receipts reserve £000s	CNC Reserve £000s	Total Usable Reserves £000s	Unusable Reserves £000s	Total Council Reserves £000s
Restated balance as at 31 March 2009 - IFRS	1,400	2,015	1,142	18,073	40	22,670	7,101	29,771
Movement in reserves during 2009/10								
Surplus or (deficit) on provision of services	(1,590)	0	0	0	0	(1,590)	0	(1,590)
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	(17,501)	(17,501)
Total Comprehensive Expenditure and Income	(1,590)	0	0	0	0	(1,590)	(17,501)	(19,091)
Adjustments between accounting basis & funding basis under regulations	3,404	0	(68)	(1,319)	0	2,017	(2,017)	0
Net Increase/(Decrease) before Trfs to Earmarked Reserves	1,814	0	(68)	(1,319)	0	427	(19,518)	(19,091)
Transfers to/from Earmarked Reserves	(1,814)	2,888	(1,074)	0	0	0	0	0
Increase/(Decrease) movement in Year	0	2,888	(1,142)	(1,319)	0	427	(19,518)	(19,091)
Balance at 31 March 2010 carried forward	1,400	4,903	0	16,754	40	23,097	(12,417)	10,680
Movement in reserves during 2010/11								
Surplus or (deficit) on provision of services	7,609	0	0	0	0	7,609	0	7,609
Other Comprehensive Expenditure and Income	0	0	0	0	0	0	14,149	14,149
Total Comprehensive Expenditure and Income	7,609	0	0	0	0	7,609	14,149	21,758
Adjustments between accounting basis & funding basis under regulations	(4,939)	0	0	(2,412)	28	(7,323)	7,323	0
Net Increase/(Decrease) before Transfers to Earmarked Reserves	2,670	0	0	(2,412)	28	286	21,472	21,758
Transfers to/from Earmarked Reserves	(2,670)	2,670	0	0	0	0	0	0
Increase/(Decrease) in Year	(0)	2,670	0	(2,412)	28	286	21,472	21,758
Balance at 31 March 2011 carried forward	1,400	7,573	0	14,342	68	23,383	9,055	32,438

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Restated Year Ending 31 March 2010	Year Ending 31st March 2011			
£000s	Gross Expenditure £000s	Gross Income £000s	Net £000s	
	<i>Gross expenditure, gross income and net expenditure of continuing operations:-</i>			
9,728	Cultural, environmental, regulatory and planning services	15,142	(5,860)	9,282
608	Highways and transport services	1,365	(751)	614
3,552	Housing	27,737	(25,183)	2,554
2,002	Central Services	9,751	(8,468)	1,283
1,685	Corporate Management	1,132	(363)	769
201	Non distributed costs	(7,536)	0	(7,536)
17,776	Cost of Services	47,591	(40,625)	6,966
	<i>Other Operating Expenditure:</i>			
2,558	Precepts paid to Parish Councils			2,675
(637)	(Gain)/Losses on disposal of non-current assets			(441)
1	Payments to Housing capital receipts pool			1
	<i>Financing and Investment Income and Expenditure:-</i>			
51	Interest payable or similar charges			20
(47)	(Gain)/Loss on trading accounts (Note 21)			279
1,340	Pensions interest costs			1,078
(979)	Investment Interest income			(654)
(265)	(Gain)/Loss on revaluation of Investment Property			(40)
	<i>Discontinued Operations:-</i>			
68	Gains/Losses on Disposal of HRA			0
	<i>Taxation and Non-Specific Grant Income:-</i>			
(8,549)	Income from Collection Fund			(8,795)
(50)	Local Authority Business Grant (Note 25)			0
(1,546)	General Grants (Note 25)			(1,065)
(1,433)	Capital Grants and Contributions (Note 25)			(298)
(6,698)	Contribution from Non Domestic Rate Pool (Note 25)			(7,335)
1,590	(Surplus)/Deficit on provision of service for the Year			(7,609)
(3,440)	(Surplus)/deficit on revaluation of non current assets (Note 20)			(1,432)
21,138	Actuarial (Gains) / losses on pension assets / liabilities (Note 33)			(12,717)
(197)	Financial Instruments Adjustment Account			0
19,091	Total Comprehensive Income and Expenditure			(21,758)

BALANCE SHEET FOR THE YEAR ENDING 31 MARCH 2011

	As at 31 March 2011 £000s	As at 31 March 2010 Restated £000s	As at 1 April 2009 Restated £000s
Non Current Assets			
Property, Plant & Equipment (Note 5)	23,582	21,660	19,901
Intangible Assets (Note 7)	136	193	301
Investment Properties (Note 6)	3,574	3,434	2,834
Long Term Investments (Note 11)	10,238	5,097	7,635
Long Term Debtors (Note 10)	646	614	418
Total Non-Current Assets	38,176	30,998	31,089
Current Assets			
Cash and Cash Equivalents (Note 14)	2,862	4,472	6,432
Debtors (Note 13)	2,935	6,241	4,191
Short Term Investments (Note 15)	15,696	15,106	12,393
Surplus Assets Held for Sale <1yr	0	0	381
Inventories (Note 12)	49	41	46
Total Current Assets	21,542	25,860	23,443
Current Liabilities			
Creditors (Note 16)	(7,451)	(6,379)	(6,356)
Total Current Liabilities	(7,451)	(6,379)	(6,356)
Long Term Liabilities			
Long Term Creditors (Note 17)	(762)	(829)	(647)
Provisions (Note 18)	(479)	(1,129)	(1,815)
Pension Scheme Liability (Note 33)	(18,588)	(37,841)	(15,943)
Total Long Term Liabilities	(19,829)	(39,799)	(18,405)
Net Assets	32,438	10,680	29,771
Usable Reserves (Note 19)			
CNC Reserve	68	40	40
General Fund Balance	1,400	1,400	1,400
General Reserves	7,573	4,903	2,015
HRA Balance	0	0	1,142
Usable Capital Receipts	14,342	16,754	18,073
Unusable Reserves (Note 20)			
Capital Adjustment Account	22,609	21,835	23,162
Collection Fund Adjustment Acc	194	70	61
Deferred Capital Receipts	24	25	27
Financial Instruments	0	0	(197)
Pension Reserve	(18,588)	(37,841)	(15,943)
Revaluation Reserve	5,134	3,702	262
Short Term Accumulated Absence	(318)	(208)	(271)
Total Net Worth	32,438	10,680	29,771

CASH FLOW STATEMENT

31 March 2010 Restated £000s	31 March 2011	£000s	£000s
(1,590)	Net surplus/(deficit) on the provision of services		7,609
(950)	Adjust net surplus or deficit on the provision of services for Interest		(634)
8,763	Adjust net surplus or deficit on the provision of services for noncash movements		1,019
(1,019)	Adjust net surplus or deficit on the provision of services for Proceeds from Property, Plant & Equipment reported as Investing Activities		(511)
1,063	Other cashflows arising from Operating Activities		1,404
6,267	Net cash flows from Operating Activities (Note 31)		8,887
	Investing Activities		
(1,022)	Purchase of property, plant and equipment, investment property and intangible assets	(2,994)	
(97)	Purchase of short-term and long-term investments	(6,500)	
(2,481)	Other payments for investing activities	(143)	
505	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	937	
327	Capital grants	298	
2,000	Proceeds from short-term and long-term investments	0	
255	Other receipts from investing activities	0	
(2,803)	Net Cash Inflows/(Outflows) from Investing Activities		(8,402)
	Financing Activities		
(5,285)	Other receipts from financing activities (Note 31)	(2,021)	
(139)	Cash payments for the reduction of the outstanding liabilities relating to finance leases (Note 8)	(74)	
(5,424)	Net Cash Inflows/(Outflows) from Financing Activities		(2,095)
(1,960)	Net increase or decrease in cash and cash equivalents		(1,610)
6,432	Cash and cash equivalents at the beginning of the reporting period		4,472
4,472	Cash and cash equivalents at the end of the reporting period (Note 14)		2,862

NOTES TO THE FINANCIAL STATEMENTS

1 IFRS RESTATEMENT OF PRIOR YEAR ACCOUNTS

These financial statements have been prepared under International Financial Reporting Standards (IFRS). This is the first year that South Norfolk Council has been required to prepare their financial statements on this basis and therefore we have complied with IAS1 in accordance with IFRS1 First Time Adoption of IFRS.

In order to make the transition from UK GAAP to IFRS the Council has had to restate their Financial Statements for 2009-10. It should be noted that in respect of the Balance Sheet this has meant that both the opening and closing position needed to be restated. The following adjustments were made:-

	Non-Current Assets	Current Assets	Current Liabilities	Long Term Liabilities	Net Assets	Unusable Reserves	Usable Reserves	Total Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance B/fwd as 1st April 2009 (UK GAAP)	31,470	23,032	(6,054)	(18,781)	29,667	22,670	6,997	29,667
IFRS Adjustments								
Property Plant & Equipment	(219)				(219)			0
Investment Properties	(162)				(162)			0
Cash & Cash Equivalents		3,004			3,004			0
Trade Receivables		30			30			0
Short Term Investments		(3,004)			(3,004)			0
Surplus Assets Held for Sale <1yr		381			381			0
Trade Payables			(302)		(302)			0
Government Grants Deferred				376	376			0
Capital Adjustment Account					0		405	405
Revaluation Reserve					0		(29)	(29)
Short Term Accumulated Absence					0		(272)	(272)
Restated Balance B/fwd as at 1st April 2009 (IFRS)	31,089	23,443	(6,356)	(18,405)	29,771	22,670	7,101	29,771
Balance C/fwd as 31st March 2010 (UK GAAP)	30,905	25,897	(6,118)	(39,985)	10,699	23,097	(12,398)	10,699
UK GAAP Correction								
Car Loans	90	(90)			0			0
IFRS Adjustments								
Property Plant & Equipment	133				133			0
Surplus Assets - not held for sale	59				59			0
Investment Properties	(189)				(189)			0
Cash & Cash Equivalents		2,410			2,410			0
Trade Receivables		53			53			0
Short Term Investments		(2,410)			(2,410)			0
Trade Payables			(261)		(261)			0
Government Grants Deferred				186	186			0
Capital Adjustment Account					0		786	786
Revaluation Reserve					0		(597)	(597)
Short Term Accumulated Absence					0		(208)	(208)
Restated Balance C/fwd as 31st March 2010 (IFRS)	30,998	25,860	(6,379)	(39,799)	10,680	23,097	(12,417)	10,680

The following adjustments were made in respect of the Comprehensive Income & Expenditure Account:-

Adjustment Reconciliation for Comprehensive Income & Expenditure Statement	£000s	£000s
(Surplus)/Deficit on provision of service for the Year to 31st March 2010 - UK GAAP		2,035
<i>IFRS Adjustments</i>		
Expenditure for Employee Accumulated Short Term Absences	(64)	
Capital Government Grants	190	
Revaluations on Investment Property	(265)	
Revalued Assets with Previous Revaluation Losses which offset	(344)	
Additional Depreciation Charged on Assets with Previous Revaluation Losses	38	
		<u>(445)</u>
(Surplus)/Deficit on Provision of Service for the Year to 31st March 2010 - IFRS		1,590
Movement on Reserves through Comprehensive Income & Expenditure not reported in Provision of Services for the Year to 31st March 2010 -UK GAAP	16,933	
IFRS Adjustment to (Surplus)/deficit on revaluation of non current assets	568	
Movement on Reserves through Comprehensive Income & Expenditure not reported in Provision of Services for the Year to 31st March 2010 - IFRS		17,501
Total Comprehensive Income and Expenditure for the Year to 31st March 2010 - IFRS (Surplus)/Deficit		19,091

The following adjustments were made to the Cash Flow Statement for the year to 31 March 2010:-

Restated Reconciliation of Operating Activities to Net Cash Flows for the Year to 31st March 2010	£000s	£000s
Net cash outflows/(inflows) from Operating Activities for the Year to 31st March 2010 - UK GAAP		6,267
<i>IFRS adjustments to Non-cash movements:-</i>		
Operating Surplus/(Deficit)	445	
Depreciation on Revalued Assets with Previous Impairments	(3)	
Government Grants Deferred Amortisation	190	
Decrease/(Increase) Trade Receivables	(53)	
(Decrease)/Increase Trade Payables	253	
Gain/(Losses) on revaluation of Investment Properties	(265)	
Gain/(Losses) on Revalued Assets with Previous Revaluation Losses which offset	(303)	
Balance of Employee Accumulated Short Term Absences	(264)	
		<u>0</u>
Net cash outflows/(inflows) from Operating Activities for the Year to 31st March 2010 – IFRS		6,267

Cash Flow Statement Adjustment Schedule for the Year to 31st March 2010

	£000s	£000s	£000s
Net increase or decrease in cash and cash equivalents as per UK GAAP			(1,366)
<i>IFRS Adjustments to Cash Flow Statement</i>			
<i>Investing Activities:-</i>			
Reclassification of Short Term Investments to Cash & Cash Equivalents		(2,290)	
<i>Management of Liquid Resources (UK GAAP -obsolete under IFRS):-</i>			
Net increase in short term deposits	1,696		
Net increase in Council tax liquid resources	5,561		
Net increase in NNDR liquid resources	(276)		
Total Adjustment for Management of Liquid Resources		6,981	
<i>Financing Activities</i>			
Other receipts from financing activities		(5,285)	
Total IFRS Adjustment			(594)
Net increase or decrease in cash and cash equivalents as per IFRS			(1,960)
Cash Balances B/fwd 1st April 2009 as per UK GAAP		3,428	
IFRS Adjustments to Cash Balances		3,004	
Restated Cash & Cash Equivalents b/fwd as at 1st April 2009 as per IFRS			6,432
Cash & Cash Equivalents C/fwd as at 31st March 2010 (IFRS)			4,472

2 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Significant Accounting Policies, 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 yet 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.

3 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 Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because these balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

It has been determined that there is such an item in the Authority's Balance Sheet as at the 31st March 2011 for which there is a significant risk of material adjustment in the forthcoming year and this is detailed as follows:-

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. Currently these assumptions are calculated for South Norfolk Council by expert actuaries, Hyams Robertson LLP. They provide South Norfolk with expert advice about the assumptions that need to be applied.

The effects on the net pensions liability of changes in individual assumptions is measurable and the sensitivities regarding the principal assumptions used to measure the scheme liabilities have been calculated by our actuaries and are set out below:-

Change in Assumptions at year ended 31 Mar 2011	Approximate % increase to Employer Liability	Approximate Monetary Amount (£'000s)
0.5% decrease in Real Discount Rate	10%	6,705
1 Year increase in member life expectancy	3%	2,036
0.5% increase in Salary Increase Rate	2%	1,575
0.5% increase in Pension Increase Rate	7%	4,699

The above disclosure does not include assets and liabilities that are carried at fair value based on a recently observed market price.

4 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

The note on the following page, details the adjustments to the total comprehensive income and expenditure recognised by the authority 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.

Year Ending 31 March 2011

	General Fund Balance £000s	CNC Reserve £000s	Capital Receipts Reserve £000s	Movements in Unusable Reserves £000s
Adjustments Primarily involving the Capital Adjustment Account:				
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement				
Amortisation of Intangible Assets	112			(112)
Depreciation of Property, Plant & Equipment	1,090			(1,090)
Revaluation reversals for Property, Plant & Equipment	(492)			492
Government Grants Deferred Amortisation	0			0
Revenue Expenditure funded from Capital Under Statute	1,577			(1,577)
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	71			(71)
Gain/ (Loss) on revaluation of investment properties	(40)			40
	2,318	0	0	(2,318)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Capital Expenditure Financed from Revenue	(93)			93
	(93)			93
Adjustments Primarily involving the Capital Receipts Reserve				
Transfer from Usable Capital Receipts	1		(1)	0
Transfer of Cash Sale Proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(512)		512	0
Use of the Capital Receipts Reserve to finance new Capital Expenditure			(2,923)	2,923
	(511)	0	(2,412)	2,923
Adjustments Primarily involving the Pensions Reserve				
Employers pension contributions	(1,914)			1,914
Net charges made for retirement benefits	(4,622)			4,622
	(6,536)	0	0	6,536
Other Adjustments				
Prior period adjustment – Collection Fund	(124)			124
Short Term Accumulated Absences	110			(110)
Other – Movement on CNC Reserve/Finance Leases	(103)	28		75
	(117)	28	0	89
Net additional amount to be charged / (credited) to the General Fund	(4,939)	28	(2,412)	7,323

Restated Year Ending 31 March 2010

	General Fund Balance £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Movements in Unusable Reserves £000s
Adjustments Primarily involving the Capital Adjustment Account:				
Reversal of Items debited or credited to the Comprehensive Income and Expenditure Statement				
Amortisation of Intangible Assets	158			(158)
Depreciation of Property, Plant & Equipment	997			(997)
Impairment of Property, Plant & Equipment	1,314			(1,314)
Government Grants Deferred Amortisation	(26)			26
Revenue Expenditure funded from Capital Under Statute	1,239			(1,239)
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	381			(381)
Gain/ (Loss) on revaluation of investment properties	(265)			265
	3,798	0	0	(3,798)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement				
Capital Expenditure Financed from Revenue	0			0
Adjustments Primarily involving the Capital Receipts Reserve				
Transfer from Usable Capital Receipts	1		(1)	0
Transfer of Cash Sale Proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,018)		1,018	0
Use of the Capital Receipts Reserve to finance new Capital Expenditure			(2,336)	2,336
	(1,017)	0	(1,319)	2,336
Adjustments Primarily involving the Pensions Reserve				
Employers pension contributions	(1,775)			1,775
Net charges made for retirement benefits	2,535			(2,535)
	760	0	0	(760)
Other Adjustments				
Prior period adjustment – Collection Fund	(2)			2
Short Term Accumulated Absences	(64)			64
Other – Movement on HRA & Finance Leases	(71)	(68)		139
	(137)	(68)	0	205
Net additional amount to be charged / (credited) to the General Fund	3,404	(68)	(1,319)	(2,017)

5 PROPERTY PLANT AND EQUIPMENT

Valuation of Property, Plant and Equipment

The Council's land and property are valued by Wilks Head & Eve LLP (RICS). Operational and Non-operational assets are valued at the lower of net current replacement cost or net realisable value. Plant, equipment, infrastructure assets and community assets are valued at historical cost.

In previous years all land and property were valued every year with the last full valuation being carried out as at 1st April 2004. From 2005/06 a rolling five year programme was commenced revaluing a proportion of the assets each year. All assets are therefore revalued at intervals not exceeding five years as required by The Code. In 2008/09 all tangible non-current assets were revalued to reflect changes in value following the financial crisis. Any major changes will be reflected in the accounts in the year they occur. The gross book value of assets revalued by Wilks Head & Eve LLP as at 1st April 2011 totalled £15,420,266 which equates to 65.63% of the Net Book Value of all Property, Plant & Equipment held at current value as at 31st March 2011

The basis of valuation and classification of Property, Plant and Equipment are explained in the Statement of Accounting Policies section of these accounts.

Movements in Property Plant & Equipment during the year were as follows:

	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure	Surplus Assets	Total Property, Plant and Equipment
	£000s	£000s	£000s	£000s	£000s
Restated Valuation at 01 April 2010	27,399	6,497	50	4,716	38,662
Reclassify	(216)	0	0	0	(216)
Additions	28	1,029	0	48	1,105
Revaluation increases/ (decreases) recognised in the Revaluations Reserve	1,503	0	0	67	1,570
Revaluation increase/ (decrease) recognised in Surplus/Deficit on Provision of Services	624	0	0	0	624
De-recognition -disposals	0	(71)	0	0	(71)
Other Movements in cost or valuation	(792)	0	0	0	(792)
Value as at 31 March 2011	28,546	7,455	50	4,831	40,882
Accumulated Depreciation and Impairment					
Restated at 1 April 2010	(12,490)	(4,462)	(50)	0	(17,002)
Depreciation charge	(417)	(673)	0	0	(1,090)
Other movements in Depreciation	792	0	0	0	792
At 31 March 2011	(12,115)	(5,135)	(50)	0	(17,300)
Net Book Value					
At 31 March 2011	16,431	2,320	0	4,831	23,582

	Other Land and Buildings	Vehicles, Plant & Equipment	Infrastructure	Surplus Assets	Total Property, Plant and Equipment
	£000s	£000s	£000s	£000s	£000s
Restated Valuation at 01 April 2009	25,106	6,123	50	4,577	35,856
Reclassify	0	0	0	0	0
Additions	31	376	0	26	433
Revaluation increase/ (decrease) recognised in the Revaluations Reserve	3,499	0	0	121	3,620
Revaluation increase/ (decrease) recognised in Surplus/Deficit on Provision of Services	(1,237)	0	0	(8)	(1,245)
De-recognition -disposals	0	(2)	0	0	(2)
Restated Value as at 31 March 2010	27,399	6,497	50	4,716	38,662
Accumulated Depreciation and Impairment					
Restated at 1 April 2009	(12,166)	(3,789)	0	0	(15,955)
Depreciation charge	(324)	(673)	0	0	(997)
Impairment losses (reversals) recognised in Surplus/Deficit on Provision of Services	0	0	(50)	0	(50)
Restated at 31 March 2010	(12,490)	(4,462)	(50)	0	(17,002)
Net Book Value					
Restated at 31 March 2010	14,909	2,035	0	4,716	21,660

Depreciation of Plant, Property & Equipment

Assets are depreciated on a straight-line basis over the useful life of the asset as determined by the valuer. A review of remaining useful life was undertaken and revisions made where necessary.

Class of Asset	Remaining Useful Life (years)
Buildings	20 - 40
Plant and Equipment	1 - 13
Vehicles	7 - 10

Analysis of Property, Plant and Equipment

	No. of Properties	NBV as at 31 March 2011 £000	NBV as at 31 March 2010 £000s
Operational			
Land and Buildings			
Car Parks	17	2,350	2,342
Depots	1	468	448
Hostel	5	1,299	1,277
Leisure Centre & Pool	1	6,812	5,909
Mini Recycling Centres	100	186	186
Offices	1	2,832	2,595
Public Conveniences	6	511	525
Swimming Pool	1	1,973	1,627
Land and Buildings Total		16,431	14,909
Vehicles, Plant and Equipment			
Hardware		123	13
Other Plant and Equipment		156	175
Play Equipment		19	23
Vehicles	62	1,398	1,155
Wheeled Bins		624	669
Vehicles, Plant and Equipment Total		2,320	2,035
Operational Total		18,751	16,944
Non Operational			
Surplus Assets Awaiting Disposal			
Land Awaiting Development		4,831	4,716
Surplus Assets Total		4,831	4,716
Non Operational Total		4,831	4,716
Total Property, Plant and Equipment		23,582	21,660

6 INVESTMENT PROPERTIES

The total of investment properties are summarised below:

	2010/11	Restated
	£000s	2009/10
	£000s	£000s
Balance at the start of the year	3,434	2,834
Additions:		
Purchases	105	465
Subsequent expenditure	49	69
Disposals		
Net Gain/Loss from Fair Value adjustments	(230)	66
Transfers:		
From/(to) Property, Plant and Equipment	216	
Balance at year end	3,574	3,434

With regard to the authority's activity as a lessor, the gross value of assets held for use in operating leases was £3,040,012. As these assets are held as investment properties, in accordance with The Code, no depreciation is charged upon them.

The Council has let out some of its properties and surplus land under operating leases. Rentals received and costs relating to the Investment properties are shown in Note 21 Trading Operations.

Investment properties comprise three industrial estates, one business centre and three sites in use as offices.

7 INTANGIBLE ASSETS

The cost of software together with the direct costs incurred in the commissioning or enhancement of the software is charged to capital and held on the Balance Sheet as Intangible Assets. These costs are amortised to revenue over five years.

	2010/11	2009/10
	£000s	£000s
Balances at start year		
Original Cost	1,134	1,084
Accumulated Amortisation	(941)	(783)
Net Carrying amount at start of the year	193	301
Additions:		
Internal Development		
Purchases	55	50
Amortisation for the period	(112)	(158)
Net Carrying Amount at end of year	136	193

8 FINANCE LEASES

Although no new leases have been entered into the Council has existing leases relating to vehicles, plant and equipment. As a result of transferring the housing function to Saffron it was necessary to enter into sub-leases with the partnership

for the vehicles and equipment that they use. During the year payments for finance leases amounted to £81,000 (£150,000 in 2009/10) with no reimbursement from Saffron (£17,000 in 2009/10), leaving outstanding obligations of £149,000 (of which none is the responsibility of Saffron).

The Council hold various vehicles, plant and equipment under finance leases which are accounted for as a non-current asset under part of property, plant and equipment. As at 31 March 2011 the value of these assets was £142,000.

The Council also holds a leisure centre, under a finance lease which is accounted for as an operational asset under property, plant and equipment as part of its non-current assets. Only a peppercorn rent is payable for this lease which began in 1993 for a lease term of 125 years. As at the 31 March 2011 the value of this asset was £6,777,000

	Fair Value of Assets	Accumulated Depreciation	Revaluations	NBV 31 March 2010	Revaluations 2010/11	Depreciation 2010/11	NBV 31 March 2011
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Vehicles	962	(935)	0	27	0	(27)	0
Wheeled Bins	479	(295)	0	184	0	(45)	139
Other Plant and Equipment	358	(326)	0	32	0	(13)	19
Vehicles, plant & Equipment	1,799	(1,556)	0	243	0	(85)	158
Leisure Centre	3,798	(360)	2,472	5,910	1,045	(178)	6,777
Total Property, plant & Equipment	5,597	(1,916)	2,472	6,153	1,045	(263)	6,935

As at 31 March 2011 outstanding obligations under these leases, excluding finance charges, which are accounted for as part of long-term liabilities, are shown below. No new leases were entered into in 2010/11

	2009/10 £000s	2010/11 £000s
not later than 1 year	74	58
later than one year but not later than 5 years	149	91
later than 5 years	0	0
	<u>223</u>	<u>149</u>

Finance charges of £7,000 and principal repayments of £74,000 were made in 2010/11.

9 OPERATING LEASES

Lessee

In 2010/11 the Council did not enter into any new leases in respect of cars. The Council leases properties that have been accounted for as operating leases. Expenditure in 2010/11 is made up as follows:-

	Payments 2009/10 £000s	Payments 2010/11 £000s
Cars	30	0
Land & Buildings	28	30
	<u>58</u>	<u>30</u>

As at 31 March 2011 the authority is committed to make payments of £28,000 per annum in the future under operating leases made up as follows:-

	Land & Buildings 2009/10 £000s	Land & Buildings 2010/11 £000s
Leases expiring in 2010/11	0	0
Lease expiring in 2011/12 to 2015/16	0	0
Leases expiring after 2015/16	28	28
	<u>28</u>	<u>28</u>

Lessor

The Council has let some of its properties and surplus land under operating leases. Rentals received are shown below:-

	Income 2009/10 £000s	Income 2010/11 £000s
Industrial Units	232	244
Land	5	5
Car Parks	17	32
Other Buildings	30	25
	<u>284</u>	<u>306</u>

The authority leases out property under operating leases for the following purposes:-

- For economic development purposes to provide local business with affordable premises and agricultural land to local farmers.
- For the provision of community services such as town Council premises, garage/garden plots and travellers site.

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

	31 March 2011 £000s	31 March 2010 £000s
Not later than one year	133	121
Later than one year and not later than five years	476	501
Later than five years	4,386	4,420
	<u>4,995</u>	<u>5,042</u>

The gross value of assets held and leased out under operating leases was £2,789,372. Since these assets are held for investment purposes, in accordance with The Code no depreciation is charged on upon them.

10 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, was repayable as the Business Park was developed or after 25 years. In exchange for the loan, 6.8 acres of land was given to the Council to be used as amenity land. Subsequent repayments and restructuring has resulted in an outstanding balance of £138,000 as at 31 March 2011 (£138,000 in 2009/10). If interest had been charged at the market rate on this balance outstanding £688 would have been payable in 2010/11 (£692 2009/10).

Since 1 April 2004 the Council has been able to make Home Maintenance Loans, Housing Renewal Loans & Decent Home Loans. The advancing of these loans is classified as debtors within capital expenditure (see note 28 for further details). These loans are repayable from the proceeds of the sale of the property improved. The balance outstanding as at 31 March 2011 was £440,000 (£350,000 in 2009/10). Home Maintenance Loans are for sums less than £5,000 and are interest free for the first five years. If interest had been charged at the market rate £91 would have been payable in 2010/11 (£153 in 2009/10). A new policy for charging interest was approved during 2006/07 which affects all new loan applications.

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 £79 would have been payable in 2010/11 (£86 in 2009/10). The balance remaining of £15,718 represents the amount of loans outstanding as at 31 March 2011 (£17,000 in 2009/10). From 2007 all new loans became chargeable at 2.5% above base rate.

Other loans include mortgages given post 1980 to former council house tenants to enable them to buy their homes (balance remaining at 31 March 2011 was £16,000) and car loans to employees. The repayment terms for most car loans are longer than one year and the long term element still requiring repayment as at 31 March 2011 was £36,000. Interest charged on the majority of car loans is 0.75%.

11 LONG TERM INVESTMENTS

The investment figure is made up as follows:-

31 March 2010 £000s		31 March 2011 £000s
5,000	Financial Institutions	10,000
1	Government Securities	1
0	CNC Equity Shares	31
29	Other Local Authorities and Public Bodies	29
67	Accrued Interest	177
5,097		10,238

Investments with various financial institutions for over 1 year are part of the capital receipt from the transfer of the Council's housing stock to Saffron. £15,696,000 has been invested on a short term basis of less than 1 year (See note 15).

12 INVENTORIES

31 March 2010		31 March 2011
£000s		£000s
14	Leisure Centres and Tourist Information Centre	25
27	Other	24
<u>41</u>		<u>49</u>

13 DEBTORS

	Restated 01-Apr-10 £'000s	Restated 31-Mar-10 £'000s	31-Mar-11 £'000s
Government Departments	2,578	4,242	1,256
Other Local Authorities	108	29	77
Council Tax Payers	122	42	54
Former Housing Tenants	35	26	6
Car Loans to Employees	77	23	54
Sundry Debtors	1,006	1,775	1,367
Payments in Advance	265	104	121
	<u>4,191</u>	<u>6,241</u>	<u>2,935</u>

The amount due from Government Departments as at 31 March 2011 includes £1,453 in respect of Housing Benefit Subsidy compared to a figure of £3,669,873 as at 31 March 2010.

Car Loans to Employees as at 31 March 2010, has been restated by £89,678. This value relates to an element which required disclosure in long term debtors – see note 10.

14 CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is made up of the following elements:-

	Restated 01-Apr-10 £000s	Restated 31-Mar-10 £000s	31-Mar-11 £000s
Cash held by the authority	3	3	3
Cash in Transit	175	188	290
Bank Current Accounts	3,250	2,871	1,539
Short-term deposits with building societies	0	630	0
Highly liquid Money Market Deposits	3,004	780	1,030
	<u>6,432</u>	<u>4,472</u>	<u>2,862</u>

15 SHORT TERM INVESTMENTS

The capital receipts resulting from the transfer of the Council's housing stock to the Saffron and other receipts generated from asset sales, has enabled short term investments to be made in various financial institutions of £15,696,000 as at the 31st March 2011.

Short Term investments have been restated for 2009/10 accounts. Under UK GAAP the value of these investments were shown as £17,516,000 but due to some investments maturing within 3 months of acquisition, and reclassified as Cash & Cash Equivalents under IFRS accounting standards, the restated value as at 31st March 2010 was £15,106,000.

16 CREDITORS

	Restated 01-Apr-09 £000s	Restated 31-Mar-10 £000s	31-Mar-11 £000s
Government Departments	292	514	551
Other Local Authorities	1,794	1,045	2,477
Council Tax Payers/Non-Domestic Rate Payers	59	456	47
Former Housing Tenants	51	51	51
Finance Leases	139	74	58
Sundry Creditors	2,237	3,392	3,639
Receipts in Advance	1,784	847	628
	<u>6,356</u>	<u>6,379</u>	<u>7,451</u>

17 LONG TERM CREDITORS

Included here are obligations under finance leases (see note 8) and payments received from developers of housing estates transferring the responsibility for the upkeep of grassed areas to the Council. These sums are transferred to the General Fund over ten years to offset the costs incurred.

31 March 2010 £'000s		31 March 2011 £'000s
149	Obligations under Finance Leases	91
680	Maintenance of Grassed Areas	671
<u>829</u>		<u>762</u>

18 PROVISIONS

On transfer of the housing stock to Saffron on 17 May 2004 the Council retained the liability of bringing sewage treatment plants up to adoptable standards. Expenditure to date on the scheme is £5.876 million with a further £0.479 million remaining to be spent.

In 2009/10 a provision of £150,000 was made to cover legal costs in relation to a judicial review against the Council in March relating to the grant of retrospective planning permission in 2008. £140,262 was paid in 2010/11 with £9,738 in sundry creditors to be paid in 2011/12.

19 USABLE RESERVES

Movements in the Earmarked General Reserves are detailed on following page:-

Name and Purpose of Reserve	Balance as at 01/04/2009	Movement in Year	Closing Balance 31/03/10 C/fwd to 1/04/10	Movement in Year	Balance as at 31/03/2011
	£'000s	£'000s	£'000s	£'000s	£'000s
Revenue	1,080	1,768	2,848	2,085	4933
Evens out Council expenditure from year to year.					
Grants Reserve	97	0	97	0	97
Includes money received through grants where spend will be more than one year					
Invest to Save Bids	30	70	100	0	100
To enable projects to proceed that will generate savings to the Council					
Planning Delivery Grant	251	610	861	0	861
Underspent grant carried forward to future years					
Renewals	0	505	505	585	1090
To renew equipment at the end of its life					
District Election	20	0	20	0	20
Evens out costs of elections held every four years and unforeseeable by elections.					
Parish Council Elections	5	0	5	0	5
Evens out costs of elections held every four years					
Land Charges	152	0	152	0	152
To finance computerisation of the land charges and assoc. functions.					
S.N.L.D.F. Inquiry	139	0	139	0	139
To finance future local plan inquiry costs.					
Contingent Liabilities	106	0	106	0	106
To meet unexpected expenditure					
Emergencies	43	0	43	0	43
To cover unpredictable expenditure due to severe weather conditions.					
Community Development	27	0	27	0	27
To finance the promotion of community safety and social cohesion.					
Festival of the Arts	30	(30)	0	0	0
To provide pump prime funding for a South Norfolk Festival of the Arts.					
Gypsy and Travellers	35	(35)	0	0	0
To fund the initial work on the Gypsy and Travellers Local Development Plan.					
Total	2,015	2,888	4,903	2,670	7,573

Other usable reserves are detailed on the Movement in Reserves Statement on page 31.

20 UNUSABLE RESERVES

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 amortisation 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 authority as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on Investment Properties as well as revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

2009/10 £000s		2010/11 £000s
23,162	Balance at 1 April	21,835
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(997)	Charges for Depreciation and Impairment of non-current assets	(1,090)
(1,314)	Revaluation of losses on Property, Plant and Equipment	492
(158)	Amortisation of Intangible Assets	(112)
(2,645)	Revenue Expenditure Funded From Capital Under Statute	(1,875)
139	Adjustment to Finance Leases	74
265	Revaluation gains on investment properties	40
(381)	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	(71)
(5,091)	Net written out amount of the cost of non-current assets consumed in the year	(2,542)
	Capital financing applied in the year:	
2,336	Use of the Capital Receipts Reserve to finance new capital expenditure	2,925
1,440	Capital Grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	298
0	Capital Expenditure charged against the General Fund Balance	93
(12)	Other	0
3,764		3,316
21,835	Balance at 31 March	22,609

Revaluation Reserve

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

Restated 2009/10 £000s		2010/11	
		£000s	£000s
262	Balance at 1 April		3,702
3,455	Upward Revaluation of Assets	1,810	
(15)	Downward Revaluation of Assets and Impairment losses not charged to the Provision of Services	(378)	
3,440	Surplus or (Deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		1,432
3,702	Balance C/Fwd at 31 March		5,134

Pensions Reserve

See note 33.

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 until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

Mortgage payments were made during the year reducing the balance from £25,480 to £24,174.

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 from Council Tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2009/10		2010/11
£000s		£000s
61	Balance at 1 April	70
	Amount by which Council tax credited to the Comprehensive Income and Expenditure Statement is different from Council tax income calculated for the year	
9	in accordance with statutory requirements	124
70	Balance at 31 March	194

Short Term Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact to the General Fund Balance is neutralised by transfers to or from the Account.

Restated 2009/10		2010/11
£000s		£000s
(271)	Balance at 1 April	(208)
63	Amounts accrued at the end of the current year	(110)
(208)	Balance at 31 March	(318)

21 TRADING OPERATIONS

The Council operates industrial estates at Ketteringham and Ayton Road, Wymondham, and Business centres at Diss and Loddon.

This income and expenditure has been accounted for and labelled as Trading Undertakings in the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure statement. Details of these activities are analysed as follows:

Restated 2009/10				2010/11		
Expenditure	Income	(Surplus)		Expenditure	Income	(Surplus)
£000s	£000s	/Deficit		£000s	£000s	/Deficit
£000s	£000s	£000s		£000s	£000s	£000s
			<u>Industrial</u>			
			<u>Estates</u>			
110	(16)	94	Ketteringham	110	(8)	102
15	(106)	(91)	Ayton Road	212	(102)	110
			<u>Business</u>			
			<u>Centres</u>			
119	(134)	(15)	Diss	201	(133)	68
16	(51)	(35)	Loddon	46	(47)	(1)
260	(307)	(47)		569	(290)	279

The figures above for 2010/11 include service recharges of £80,000.

22 MEMBERS ALLOWANCES

Total allowances paid to Members in 2010/11 amounted to £296,216 (2009/10: £224,216).

23 OFFICERS REMUNERATION

In 2010/11 the employees whose remuneration excluding pension contributions was £50,000 or more in bands of £5,000 (including senior Officers) were:-

Remuneration Band		No. of Employees	
		2010/11	2009/10
£	£		
50,000	54,999	2	0
55,000	59,999	1	1
60,000	64,999	3	3
65,000	69,999	1	2
70,000	74,999	0	0
75,000	79,999	1	1
80,000	84,999	2	1
85,000	89,999	0	0
90,000	94,999	0	0
95,000	99,999	0	0
100,000	104,999	0	0
105,000	109,999	0	0
110,000	114,999	0	1
115,000	119,999	0	0
120,000	124,999	1	0

In 2010/11, the remuneration of senior employees whose salaries were between £50,000 and £150,000 were:-

	Salary	Expenses	Total remuneration excluding pension contributions	Employer's pension contributions	Total including employer's pension contributions
	£	£	£	£	£
Chief Executive	121,567	1,225	122,792	23,706	146,498
Monitoring Officer	80,421	888	81,309	15,682	96,991
Head of Special Projects	58,752	1,010	59,762	11,457	71,219
Deputy Chief Executive (formerly Director of Corporate Resources)	80,165	1,280	81,445	15,632	97,077
Director of Planning, Housing & the Built Environment	74,997	9	75,006	14,624	89,630
Director of Environment, Health and Leisure	5,563	0	5,563	23,624	29,187
Change Project Director	53,614	0	53,614	10,455	64,069
	<u>475,079</u>	<u>4,412</u>	<u>479,491</u>	<u>115,180</u>	<u>594,671</u>

In 2010/11 the Council employed a Change Project Director on a temporary basis.

In 2009/10, the remuneration of senior employees whose salaries were between £50,000 and £150,000 were:-

	Salary	Expenses	Total remuneration excluding employer's pension contributions	Employer's pension contributions	Total including employer's pension contributions
	£	£	£	£	£
Chief Executive	113,873	906	114,779	18,690	133,469
Monitoring Officer	80,421	990	81,411	14,958	96,369
Corporate Director	43,327	0	43,327	7,479	50,806
Director of Corporate Resources	66,758	990	67,748	12,417	80,165
Director of Environment, Health and Leisure	66,758	990	67,748	12,417	80,165
Director of Planning, Housing and the Built Environment	74,997	453	75,450	13,949	89,399
	<u>446,134</u>	<u>4,329</u>	<u>450,463</u>	<u>79,910</u>	<u>530,373</u>

The Director of Environmental Health and Leisure left on the 30th April 2010. Pension contributions made during the year 2010/11 included termination benefits relating to pension strain expense of £22,539 (see also Note 34).

24 EXTERNAL AUDIT COSTS

In 2010/11 the following costs relating to external audit and inspection were paid to the Audit Commission:

2009/10 £000s		2010/11 £000s
117	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	90
6	Fees payable to the Audit Commission in respect of statutory inspection	11
29	Fees payable to the Audit Commission for the certification of grant claims and return	32
0	Fees payable in respect of other services provided by Audit Commission during the year	3
<u>152</u>		<u>136</u>

25 GRANT INCOME

The following grant income, contributions and donations have been credited to the Council's Comprehensive Income and Expenditure Statement in 2010-11:

31-Mar-10 £'000s		31-Mar-11 £'000s
	Credited to Taxation and Non Specific Grant Income	
6,698	NNDR Grant	7,335
1,546	Revenue Support Grant	1,065
50	Local Area Business Grant	0
8,294		8,400
1,116	Capital Grant for Travellers Site	0
286	DFG Capital Grant	298
31	Other Capital Grants	0
1,433		298
9,727	Total Credited to Taxation and Non Specific Grant Income	8,698
	Credited to Services	
29,856	DWP Housing Benefit	31,063
735	DWP Admin Grant	757
594	Planning Delivery Grant	0
225	Concessionary Fares Grant	446
192	Homelessness Grant	156
160	NNDR Admin Grant	148
121	Handyman Service NCC Grant	74
71	Preventing Repossessions Grant	23
92	Regional Housing Grant	63
92	Housing Subsidy (HRA)	0
47	Raising the Game	57
22	Area Based Grant	36
477	Other	280
42,412	Total Grants Credited to Comprehensive Income & Expenditure Statement	41,801

26 RELATED PARTIES

The Authority 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 Authority.

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from

government departments are set out in the subjective analysis in Note 32 on reporting for resources allocation decisions. Grant receipts are detailed in Note 25 above.

The Council operates a Register of Members' Interests and a Register of Staff Interests to record and monitor related party transactions. In addition to this forms were sent to Members of the Council and those Officers in key management posts to declare any related party transactions existing during the year. The following related party transactions existed during the year to 31 March 2011:

The Council has a nominated representative on the board of Saffron Housing. Transactions between the Council and Saffron Housing Association for the year ending 31 March 2011 amounted to £1.9 million.

One member declared an interest in services commissioned by the Council, during the year ending 31 March 2011, for the value of £2,880.

One member of the Council is the nominated representative of Norwich Fringe Project and is a trustee of Hethersett Youth Club & another is the Trustee for Edith Cavell Day Centre at Swardeston. During the year ending 31 March 2011 the Council gave a grant of £14,000 to Norwich Fringe Project, £1,000 to Hethersett Youth Club and £550 to Edith Cavell Day Centre.

The Council also contributed £16,685 to Bordahoppa - Diss Community Transport, of which a member of the Council is also a director.

In all instances, grants and contributions were made with proper consideration of the declarations of interest. The relevant Members did not take part in any discussion or decision relating to them.

Members allowances paid during the year to 31 March 2011 are disclosed in note 22.

27 C.N.C CONSULTANCY SERVICES LTD

C.N.C. Consultancy Services Limited was incorporated on 18 December 2007 and commenced trading on 14 May 2008. The company was established to provide a bespoke Building Regulation and Energy Consultancy Service from the inception of a project through to completion. The structure of the company, governed by Norwich City, Broadland and South Norfolk District Councils, is that of an associate, in accordance with the powers provided by the Local Government Act 2003. The Board of Directors consist of representatives appointed by the three Councils.

To finance the company, each of the three Councils provided a loan of £31,000. Due to the losses made by the company in its first two years of trading the likelihood of the repayment of the loan was low and was written off in the Council's accounts. The loan was converted for equity by all Councils.

The financial statements for the year ended 31 March 2011 have not yet been audited. The draft results show a profit for the year of £15,227 (2009/10: loss of

£21,517) with net assets of £4,100 (2009/10: net liabilities of £104,124). South Norfolk Council is committed to meeting its share of the accumulated deficits or losses of the company. Draft accounts may be obtained from CNC Consultancy Services Ltd, Thorpe Lodge, 1 Yarmouth Road, Norwich, Norfolk, NR7 ODU.

28 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

2009/10 £000s		2010/11 £000s
	Capital Investment	
433	Property, Plant and Equipment	1,105
534	Investment Properties	154
50	Intangible Assets	55
0	Long Term Investment – Equity Shares	31
114	Debtors	96
	Revenue Expenditure Funded from Capital under Statute	
2,645		1,875
3,776		3,316
	Sources of Finance	
(2,336)	Capital Receipts	(2,925)
(1,440)	Government Grants and other contributions	(298)
0	Direct Revenue Contributions	(93)
(3,776)		(3,316)
0	Closing Capital Financing Requirement	0

29 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

	Expenditure £'000s	Grants Received £'000s	Amounts Written Off £'000s
Improvement Grants	540	(245)	295
Aids and Adaptations	353	(53)	300
Grants	375		375
Affordable Housing	581		581
Other	26		26
	1,875	(298)	1,577

30 FINANCIAL INSTRUMENTS

The following categories of Financial Instruments are carried in the Balance Sheet.

	Long Term		Current	
	31/03/2010	31/03/2011	31/03/2010	31/03/2011
	£000s	£000s	£000s	£000s
Investments				
Loans & receivables (Short Term Investments in Financial Institutions and other Local Authorities)	5,097	10,207	15,106	15,696
Loans & receivables (Cash & Cash Equivalents)	0	0	4,281	2,569
Total Loans and Receivables	5,097	10,207	19,387	18,265
Available for sale Financial Assets	0	0	0	0
Unquoted equity investment at cost	0	31	0	0
Financial Assets at fair value through profit & loss	0	0	0	0
Total Investments	5,097	10,238	19,387	18,265
Debtors				
Loans & receivables	614	646	6,085	3,014
Financial assets carried at contract amount	0	0	0	0
Total Debtors	614	646	6,085	3,014
Borrowings				
Financial liabilities at amortised cost	0	0	0	0
Financial liabilities at fair value through profit & loss	0	0	0	0
Total Borrowings	0	0	0	0
Other Long Term Liabilities				
PFI and finance lease liabilities	149	91	74	58
Total Other Long Term Liabilities	149	91	74	58
Creditors				
Financial liabilities at amortised cost	0	0	4,151	3,965
Financial liabilities carried at contract amount	884	479	0	0
Total Creditors	884	479	4,151	3,965

The above figures do not include Pension Liability which is already disclosed in Note 33.

Unquoted equity investments relates to the investment in CNC Consultancy Ltd which has been converted to equity. Since these equities are not traded on the open market their fair value cannot be reliably calculated, therefore they are carried at cost.

Long term creditors in the Balance Sheet include Section 106 funds held for parish Councils and are not included in the above figures. The value of these funds for 2010/11 was £755,000 (£802,000 2009/10).

Long term creditors carried at contract amount refers to the liability of bringing sewage treatment plants up to adoptable standards. This liability was retained by the Council on transfer of housing stock to Saffron Housing Association on 17 May 2004. Expenditure to date on the scheme is £5.876 million with a further £0.479 million remaining to be spent.

Fair values of Assets:-

Financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be calculated using the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Estimated interest rates at 31 March 2011 are 0.5% for investments and soft loans
- No early repayment or impairment is recognised
- Where an instrument will mature over the next 12 months, carrying amount is assumed to be approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Long term loans & receivables shown as debtors, including financial assets relating to Housing Renewal Loans, Housing Maintenance Loans, Decent Homes Loans and Business Growth Loans, do not have a market value which provides a reliable figure for fair value. The present value of the future cash flows cannot easily be calculated as there is no specified termination dates for these loans and they are not included in the following table for that reason. The loans are currently shown in the Balance Sheet at their carrying value of £456,000 (£367,000 2009/10).

The fair values of assets and liabilities, where measurable, are calculated as follows:

	31st March 2010		31st March 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000's	£000's	£000's	£000's
Financial Liabilities - Borrowings	0	0	0	0
Financial Liabilities - Creditors (Short Term)	4,151	4,151	3,965	3,965
Financial Liabilities - Creditors (Long Term)	884	884	479	479
Total Financial Liabilities	<u>5,035</u>	<u>5,035</u>	<u>4,444</u>	<u>4,444</u>
Long Term Investments in Financial Institutions	5,067	5,067	10,177	10,177
Other Long Term Investments	30	30	30	30
Short Term Investments in Financial Institutions	15,106	15,106	15,696	15,696
Other Short Term Investments (Cash & Cash Equivalents)	4,281	4,281	2,569	2,569
Sawmills Soft Loan	138	133	138	134
Long Term Debtors	18	18	52	52
Total Loans & Receivables	<u>24,640</u>	<u>24,635</u>	<u>28,662</u>	<u>28,658</u>

Note 11 shows an analysis of long term investments classified as loans & receivables.

Short Term Debtors & Creditors are carried at cost as this is a fair approximation of their value.

Cash and cash equivalents are analysed in Note 14.

Risk

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 authority as a result in changes in such measures as interest rates and stock market movements.

Risk management is carried out by the treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The rating criteria used by the Council, and supplied by the three Credit Rating Agencies, is that of the lowest common denominator method of selecting counterparties and applying limits. Deposits are made with banks and financial institutions that are either rated independently with a minimum score of A- and a support rating of 1 or have assets in excess of £500million. In accordance with the counterparty list a maximum of £10 million of the Council's Investments are deposited in excess of 1 year and up to 3 years. The Council has a policy of not lending more than £2 million to one institution at any one time. This limit with the approval of the Section 151 Officer and Members can be exceeded if necessary.

The Council has no past experience of default on any classes of its surplus funds deposited with financial institutions.

The Council does not generally extend credit to its customers beyond 30 days. At 31 March 2011, of the total debtor balances of £3.137 million (Restated 2009/10: £6.331 million), the past due amount was £513,000 (2009/10: £469,000) and can be analysed by age as follows:

	31 March 2011	31 March 2010
	£000s	£000s
Customer debts		
Less than three months	62	126
Three months to one year	125	92
More than one year	326	251
Total	513	469

Liquidity Risk

As the Council has ready access to borrowings from the Public Works Loan Board, there is no significant risk that it will be unable to raise finance to meet its commitments.

Market Risk

Interest rate risk

The Council is exposed to significant risk in terms of its exposure to interest rate movements on its investments. Movements in interest rates have a complex impact on the Council. For example, a decrease in interest rates would have the following effect:

Investments at variable rates – the interest income credited to the Income and Expenditure Account will fall

Investments at fixed rates – the fair value of the assets will rise

The treasury management team have an active strategy for assessing interest rate exposure that feeds into setting the annual and revised budgets, which allows for positive or adverse changes to be accommodated.

Price Risk

The Council does not invest in equity shares traded on the open market, so does not have exposure to price risk.

Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies so has no exposure to losses arising from movements in exchange rates

31 CASHFLOW STATEMENT – RECONCILIATION OF NET (SURPLUS) OR DEFICIT ON THE PROVISION OF SERVICES TO NET CASH FLOWS FROM OPERATING ACTIVITIES

31 March 2010 Restated £'000s		31 March 2011 £000s	£000s
(1,590)	Surplus/(Deficit) on provision of service for the Year		7,609
	Adjust net surplus or deficit on the provision of services for Interest:-		
(1,022)	Interest & Investment Income	(654)	
72	Interest Paid (Including Finance Leases)	20	
(950)			(634)
	Non-cash Movements:-		
1,155	Depreciation & Amortisation Charge	1,202	
1,315	Impairment of Fixed Assets	(492)	
(26)	Government Grants Deferred Amortisation	0	
5	Decrease/(Increase) in Inventories	(8)	
1,393	Decrease/(Increase) in Debtors	3,066	
(839)	Increase/(Decrease) in Creditors	892	
382	Carrying Amount of Disposed Property, Plant, Equipment & Investment Property	71	
(265)	(Gain)/Losses on revaluation of investment properties	(40)	
760	Non cash pension adjustment	(6,536)	
(685)	Provisions	(650)	
(769)	Provision for Bad Debts	116	
0	Non cash adjustment for conversion CNC debt to equity share	31	
68	Movement on Reserves	0	
5,294	Collection Fund	1,773	
1,239	Revenue Funded from Capital Under Statute	1,577	
0	Direct Revenue Financing	(93)	
(264)	Employee Balance of Holiday/Flex Charge	110	
8,763			1,019
(1,019)	Proceeds from Sale of Property, Plant or Equipment reported in net surplus/deficit of provision of service in Comprehensive I&E		(511)
	Other cashflows arising from Operating Activities:-		
1,135	Interest Received	1,427	
(72)	Interest Paid (Including Finance Leases)	(23)	
1,063			1,404
6,267	Net cash Inflows/(Outflows) from Operating Activities		8,887

Investing Activities

The Purchase of short-term and long-term investments detailed as £6.5M for 2010-11 (£2.387M for 2009-10) is the result of cash deposited wholly with Financial Institutions in interest bearing accounts.

Financing Activities – Reconciliation of Net Movement in cash for "other receipts from financing activities"

31 March 2010		31 March 2011		
Net Movement		Income	Expenditure	Net Movement
£'000s		£'000s	£'000s	£'000s
(5,561)	Council Tax	(62,266)	60,439	(1,827)
276	NNDR	(22,336)	22,142	(194)
(5,285)		(84,602)	82,581	(2,021)

32 AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The following 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. However, decisions about resource allocation are taken by the authority's Cabinet on the basis of budget reports analysed across directorates. 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 in excess of the balance on the Revaluation Reserve and amortisation are charged to services in the Comprehensive Income and Expenditure Account.
- 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 directorates.

The income and expenditure of the Authority's principal directorates recorded in the budget for the year ending 31 March 2011 is as follows:-

	Change Management £000s	Chief Executive £000s	Communities £000s	Corporate Resources £000s	Environment al Health & Recycling £000s	Planning & Housing & the Built Environment £000s	Total £000s
Fees, charges & other service income	(116)	(3)	(2,710)	(539)	(2,329)	(1,806)	(7,503)
Government grants and contributions	0	(36)	(32,463)	0	(110)	(258)	(32,867)
Total Income	(116)	(39)	(35,173)	(539)	(2,439)	(2,064)	(40,370)
Employee expenses	1,146	506	3,634	1,160	3,232	2,969	12,647
Other service expenses	883	95	34,653	694	2,164	1,693	40,182
Support Service Recharges	(1,971)	(358)	921	(1,381)	933	1,512	(344)
Total Operating Expenses	58	243	39,208	473	6,329	6,174	52,485
Net Cost of Services	(58)	204	4,035	(66)	3,890	4,110	12,115

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement

	£000s
Cost of Services in Service Analysis	12,115
Add services not included in main analysis	0
Add amounts not reported to management	(5,354)
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement	<u>205</u>
Net Cost of Services in Comprehensive Income and Expenditure Statement	6,966

Reconciliation to Subjective Analysis 31 March 2011	Service Analysis £000s	Services not in Analysis £000s	Not reported to mgmt £000s	Not included in I&E £000s	Allocation of Recharges £000s	Net Cost of Services £000s	Corporate Amounts £000s	Total £000s
Fees, charges & other service income	(7,503)	0	0	(270)	15	(7,758)	(290)	(8,048)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0	0
Interest and investment income	0	0	0	0	0	0	(4,004)	(4,004)
Income from Council tax	0	0	0	0	0	0	(8,796)	(8,796)
Government grants and contributions	(32,867)	0	0	0	0	(32,867)	(8,698)	(41,565)
Total Income	(40,370)	0	0	(270)	15	(40,625)	(21,788)	(62,413)
Employee expenses	12,647	0	(7,411)	94	0	5,330	30	5,360
Other service expenses	40,182	0	0	605	(446)	40,341	176	40,517
Support Service recharges	(344)	0	0	(224)	431	(137)	137	0
Depreciation, Amortisation & Impairment	0	0	2,057	0	0	2,057	188	2,245
Interest Payments	0	0	0	0	0	0	4,447	4,447
Precepts & Levies	0	0	0	0	0	0	2,675	2,675
Payments to Housing Capital Receipts Pool	0	0	0	0	0	0	1	1
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	0	(441)	(441)
Total operating expenses	52,485	0	(5,354)	475	(15)	47,591	7,213	54,804
Surplus or deficit on the provision of services	12,115	0	(5,354)	205	0	6,966	(14,575)	(7,609)

The income and expenditure of the Authority's principal directorates recorded in the budget for the year ending 31 March 2010 is as follows:-

	Change Management £000s	Chief Executive £000s	Communities £000s	Corporate Resources £000s	Environmental Health & Recycling £000s	Planning Housing & the Built Environment £000s	Total £000s
Fees, charges & other service income	(37)	(17)	(1,885)	(519)	(3,083)	(2,760)	(8,301)
Government grants and contributions	0	(23)	(31,141)	0	(30)	(966)	(32,160)
Total Income	(37)	(40)	(33,026)	(519)	(3,113)	(3,726)	(40,461)
Employee expenses	1,042	609	3,174	1,197	3,792	3,029	12,843
Other service expenses	847	122	33,010	601	2,889	2,177	39,646
Support Service Recharges	(1,781)	(545)	1,232	(1,264)	651	2,070	363
Total operating expenses	108	186	37,416	534	7,332	7,276	52,852
Net Cost of Services	71	146	4,390	15	4,219	3,550	12,391
Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement							£000s
Cost of Services in Service Analysis							12,391
Add services not included in main analysis							0
Add amounts not reported to management							4,041
Remove amounts reported to management not included in Comprehensive Income and Expenditure Statement							<u>1,344</u>
Net Cost of Services in Comprehensive Income and Expenditure Statement							17,776

Reconciliation to Subjective Analysis 31 March 2010	Service Analysis £000s	Not reported to Mgmt £000s	Not included in I&E £000s	Allocation of Recharges £000s	Net Cost of Services £000s	Corporate Amounts £000s	Total £000s
Fees, charges & other service income	(8,301)	0	0	(310)	(8,611)	(307)	(8,918)
Surplus or deficit on associates and joint ventures	0	0	0	0	0	0	0
Interest and investment income	0	0	0	0	0	(3,317)	(3,317)
Income from Council tax	0	0	0	0	0	(8,549)	(8,549)
Government grants and contributions	(32,160)	0	0	0	(32,160)	(9,819)	(41,979)
Total Income	(40,461)	0	0	(310)	(40,771)	(21,992)	(62,763)
Employee expenses	12,843	(548)	92	0	12,387	21	12,408
Other service expenses	39,646	0	484	67	40,197	359	40,556
Support Service recharges	363	0	768	243	1,374	59	1,433
Depreciation, Amortisation & Impairment	0	4,589	0	0	4,589	(242)	4,347
Interest Payments	0	0	0	0	0	3,687	3,687
Precepts & Levies	0	0	0	0	0	2,558	2,558
Payments to Housing Capital Receipts Pool	0	0	0	0	0	1	1
Gain or Loss on Disposal of Fixed Assets	0	0	0	0	0	(637)	(637)
Total operating expenses	52,852	4,041	1,344	310	58,547	5,806	64,353
Surplus or deficit on the provision of services	12,391	4,041	1,344	0	17,776	(16,186)	1,590

33 DEFINED BENEFIT 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 that need to be disclosed at the time that employees earn their future entitlement. The Council participates in the Local Government Pension Scheme, a defined benefit final salary 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.

We recognise the cost of retirement benefits in the reported 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 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:

2009/10		2010/11
£000s		£000s
	Comprehensive Income and Expenditure Statement	
	Cost of Services:	
(994)	Current service costs	(1,836)
(192)	Past service costs	7,591
(9)	Settlements and Curtailments	(55)
	Financing and Investment Income and Expenditure:	
(3,636)	Interest Cost	(4,425)
2,296	Expected return on scheme assets	3,347
(2,535)	Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	4,622
	Other Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	
21,138	Actuarial Gains and Losses	(12,717)
18,603	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(8,095)
	Movement in Reserves Statement	
	Reversal of net charges made to the Surplus or Deficit for the provision of Services for post employment benefits in accordance with the code	4,622
(2,535)	Actual amount charged against the General Fund Balance for pensions in the year	(6,536)
760	Employer's contributions payable to scheme	(1,914)
(1,775)		(1,914)

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2011 is a loss of £15,049,000 (£27,766,000 for 31 March 2010).

Assets and Liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

2009/10		2010/11
£000s		£000s
52,911	Opening Defined Benefit Obligation	86,407
994	Current Service Cost	1,836
3,636	Interest Cost	4,425
621	Contributions by scheme participants	602
30,302	Actuarial Losses / (Gains)	(15,324)
192	Past Service Costs / (Gains)	(7,591)
9	Losses / (Gains) on Curtailments	55
(65)	Estimated Unfunded Benefits Paid	(67)
<u>(2,193)</u>	<u>Estimated Benefits paid</u>	<u>(2,487)</u>
<u>86,407</u>	<u>Closing Defined Benefit Obligation</u>	<u>67,856</u>

Reconciliation of fair value of the scheme assets:

2009/10		2010/11
£000s		£000s
36,968	Opening Fair Value of Employer Assets	48,566
2,296	Expected Return on Assets	3,347
621	Contributions by Members	602
1,710	Contribution by the Employer	1,847
65	Contribution in respect of Unfunded Benefits	67
9,164	Actuarial Gains / (Losses)	(2,607)
(65)	Unfunded Benefits Paid	(67)
<u>(2,193)</u>	<u>Benefits paid</u>	<u>(2,487)</u>
<u>48,566</u>	<u>Closing Defined Benefit Obligation</u>	<u>49,268</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 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 surplus of £3,698,000 (2009/10 deficit of £11,463,000).

Scheme History

	2010/11	2009/10	2008/09	2007/08	2006/07
	£000s	£000s	£000s	£000s	£000s
Fair Value of Employer Assets	49,268	48,566	36,968	46,476	49,555
Present Value of Defined Benefit Obligation	(67,856)	(86,407)	(52,911)	(53,846)	(60,000)
Surplus / (Deficit)	(18,588)	(37,841)	(15,943)	(7,370)	(10,445)
Experience Gains / (losses) on Assets	(2,607)	9,164	(13,032)	(6,488)	(260)
Experience Gains / (losses) on Liabilities	8,268	(33)	14	(544)	1,250
Actuarial Gains / (losses) on Employer Assets	(2,607)	9,164	(13,032)	(6,488)	(260)
Actuarial Gains / (losses) on Obligations	15,324	(30,302)	5,001	9,413	4,800
Actuarial Gains / (losses) recognised in comprehensive income & expenditure statement	12,717	(21,138)	(8,031)	2,925	4,540

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £67.856 million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet, resulting in a negative overall balance of £18.588 million.

However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary.

The total contribution expected to be made to the scheme by the Council in the year to 31 March 2012 is £1.75 million.

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. Norfolk County Council Fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Norfolk County Council Fund being based on the latest full valuation of the scheme as at 31 March 2010.

The Principal assumptions used by the actuary have been:

Financial assumptions:

	2010/11	2009/10
	% pa	% pa
Inflation / Pension Increase Rate	2.8%	3.8%
Salary Increase Rate	5.1%	5.3%
Expected Return on Assets	6.7%	6.9%
Discount Rate	5.5%	5.5%

Following the Chancellor's budget statement on 22 June 2010 calculations on future pension increases are now linked to the Consumer Prices Index (CPI) and not the Retail Prices Index (RPI). The effect of this change comes through as a negative past service cost item in the revenue account.

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

Breakdown of the expected return on assets by category:

	2010/11	2009/10
	% pa	% pa
Equities	7.5%	7.8%
Bonds	4.9%	5.0%
Property	5.5%	5.8%
Cash	4.6%	4.8%

Longevity at 65 for pensioners:

	2010/11		2009/10	
	Male	Female	Male	Female
Current Pensioners	21.2 years	23.4 years	20.8 years	24.1 years
Future Pensioners	23.6 years	25.8 years	22.3 years	25.7 years

Historic Mortality:

Year Ended:	Prospective Pensioners	Pensioners
31 March 2010	Year of birth, medium cohort and 1% p.a. minimum improvements from 2007	Year of birth, medium cohort and 1% p.a. minimum improvements from 2007
31 March 2009	Calendar Year 2033	Calendar Year 2017
31 March 2008	Calendar Year 2033	Calendar Year 2017
31 March 2007	Calendar Year 2017	Calendar Year 2004

Up until March 2007, actuarial assumptions did not explicitly provide for further increases in longevity. These assumed that the longevity in 2004 would remain. In the 2007 valuation it has been assumed that younger members will live longer, so the further out the calendar year shown above, the greater the longevity improvement. The assumptions made for 2007 were strengthened in March 2010 following a formal fund valuation and are detailed in the above table. Assumptions adopted for the year ending 31 March 2011 remain consistent with those used for the formal funding valuation as at 31 March 2010.

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	2010/11	2009/10
	%	%
Equities	69	67
Bonds	17	17
Property	11	10
Cash	3	6
	<hr/>	<hr/>
	100	100

History of experience gains and losses

The actuarial gains and losses identified as movements on the Pensions Reserve in 2010/11 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2011:

	2010/11	2009/10	2008/09	2007/08	2006/07
	%	%	%	%	%
Differences between the expected and actual return on assets	(5.3)	18.9	(35.3)	(13.9)	(0.5)
Experience gains and (losses) on liabilities	(12.2)	0.0	0.0	7.4	(12.0)

Further information can be found in the Norfolk Pension Fund Annual Report, which is available on request from: Department of Finance & Information, Norfolk County Council, County Hall, Martineau Lane, Norwich, NR1 2DW.

34 TERMINATION BENEFITS

There were no redundancies at South Norfolk Council during the year to the 31 March 2011. However, the authority terminated the contracts of three employees during the year and incurred liabilities of £42,789 (£13,208 during 2009/10). (see also Note 23).

35 CONTINGENT ASSETS & LIABILITIES

South Norfolk Council is involved in a High Court Claim regarding Local Land Charges. The High Court has been asked to consider a Group Litigation Order which will be determined on 7/8 December 2011. The financial implications for the Council are currently estimated at £33,000.

The Council has retained some liabilities in respect of the housing stock that transferred to Saffron on 17 May 2004. Any of these liabilities that are identified after the transfer date but existed before then remain the responsibility of the Council. The Council's insurers were unable to provide cover for these unquantified risks. £100,000 of the L.S.V.T. receipt has been earmarked to cover any potential liabilities.

No contingent assets have been identified.

36 EVENTS AFTER THE BALANCE SHEET DATE

The Statement of Accounts were authorised for issue by the Financial Services Manager on 30 June 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 have been adjusted in all material respects to reflect the impact of this information.

37 MATERIAL ITEMS OF INCOME AND EXPENSE

Material items of income and expense which are not disclosed separately on the face of the Comprehensive Income and Expenditure Statement are as follows:-

Housing Benefit of £31 million is included in the Cost of Services section in the top half of the Comprehensive Income and Expenditure Statement. This income is the result of a claim made to the Department of Work and Pensions and reimburses the expenditure incurred by this authority for those amounts paid to recipients of housing and council tax benefit in the local community.

The Non Distributed Costs line within costs of services analysis at the top of the Comprehensive Income and Expenditure Statement (Page 32) shows a credit of £7.5 million. This is the result of the reduction in the pension liability during 2010-11 as explained in Note 33 to the Financial Statements on page 67.

38 ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The Code of Practice on Local Authority Accounting in the UK 2011-12 has introduced a change in accounting policy in relation to the treatment of heritage assets held by the Council. This change in policy will need to be considered by the Council in the 2011-12 financial statements.

The Council is required to disclose information relating to the impact of the accounting change on the financial statements as a result of the adoption by the Code of a new standard that has been issued, but is not yet required to be adopted by the Council, in this case heritage assets. The council is required to make disclosure of the estimated effect of the new standard in these financial statements.

No heritage assets have been identified as being held by South Norfolk Council.

COLLECTION FUND STATEMENT

The Collection Fund is a separate statutory fund established to record transactions relating to business rates, Council tax and residual community charge. It shows how the money is redistributed to Norfolk County Council, Norfolk Police Authority and South Norfolk Council.

2009/10 £000s	Income	2010/11 £000s
	Income	
22,861	Business Ratepayers	Note 2 23,017
60,394	Council Tax Payers	62,284
7,315	Council Tax Benefits	7,698
90,570		92,999
	Expenditure	
67,110	Precepts and Demands	Note 4 68,900
0	Contributions to General Fund	0
22,593	Payment to NNDR Pool	22,799
161	NNDR Costs of Collection	180
(67)	Allowance for Impairment - Council Tax	7
27	- NNDR	(47)
98	Write Offs - Council Tax	50
80	- NNDR	86
	Previous Years Estimated Council Tax Surplus /(Deficit)	
374	Contribution to N.C.C.	157
61	Contribution to Norfolk Police Authority	26
61	Contribution to South Norfolk Council	26
90,498		92,184
72	Surplus/(Deficit) for Year	Note 5 815
	Collection Fund Balance	
658	Balance at beginning of the Year	730
72	Surplus/(Deficit) (+/-) for Year	815
730	Balance at End of the Year	1,545

NOTES TO 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 31 March 2011 was £71.85 million (£56.7 million 31 March 2010). The standard non-domestic multiplier for the year was 41.4p (48.5p 2009/10) and the small business multiplier 40.7p (48.1p 2009/10). The increase in income to the fund is the result of higher valuations (Council tax base for 2009/10 equalled 44,774)

3 COUNCIL TAX

The Council's tax base was calculated as follows:

Band	Estimated No. of Taxable Properties after Discounts	Ratio	Band D Equivalents
A	4,652	6/9	3,101
B	13,596	7/9	10,574
C	11,957	8/9	10,628
D	8,626	9/9	8,626
E	5,366	11/9	6,558
F	2,309	13/9	3,335
G	1,271	15/9	2,119
H	95	18/9	190
	47,872		45,131
			-37
			45,094

Adjustment for changes during the year and losses on collection

The average total Band D Council Tax for the year was £1,527.88 (2009/10 £1,498.85)

4 PRECEPTS AND DEMANDS

2009/10 £000s	2010/11 £000s
50,314 Norfolk County Council	51,636
8,309 Norfolk Police Authority	8,620
5,929 South Norfolk District Council	5,970
2,558 Parish Councils	2,674
67,110	68,900

5 SURPLUS/(DEFICIT))

The tax base was calculated based on a small amount of growth in domestic properties. The surplus was due to a recalculation of the estimates used, leading to a surplus of £815,000 being achieved on the Collection Fund during 2010/11. Allowing for the surplus on the fund as at 31 March 2009 of £730,000 this provides a closing balance of £1,545,000 surplus as at 31 March 2011.

6 COLLECTION FUND BALANCE

On the basis that surpluses and deficits are shared between South Norfolk Council, Norfolk County Council and Norfolk Police Authority on an agency arrangement basis as required by SORP 2009, the Collection Fund balance has been accounted for as follows:

31 March 2010 £'000	31 March 2011 £'000
93 Norfolk Police Authority	193
567 Norfolk County Council	1,158
<u>70</u> South Norfolk District Council	<u>194</u>
730	1,545

In the Balance Sheet as at 31 March 2011 the £1,545,000 surplus has been split as debtors of Norfolk County Council and Norfolk Police £1,351,000 and a £194,000 surplus on the Collection Fund Adjustment Account.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH NORFOLK DISTRICT COUNCIL

Opinion on the Authority accounting statements

I have audited the accounting statements of South Norfolk District Council for the year ended 31 March 2011 under the Audit Commission Act 1998. The accounting statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and 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 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 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010.

Respective responsibilities of the Financial Services Manager and auditor

As explained more fully in the Statement of the Financial Services Manager's Responsibilities, the Financial Services Manager 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. 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 Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the 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's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authority; and the overall presentation of the accounting statements. I read all the information in the explanatory foreword to identify material inconsistencies with the audited accounting statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on accounting statements

In my opinion the accounting statements:

- give a true and fair view of the state of South Norfolk District Council'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.

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, South Norfolk District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2011.

Certificate

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

Rob Murray
Officer of the Audit Commission

The Audit Commission's Audit Practice
3rd Floor, Eastbrook,
Shaftesbury Road,
Cambridge, CB2 8BF

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

Income and Expenditure are recognised as they are earned or incurred, not as money is received or paid.

Amortisation

The writing off of intangible assets to provision of services over an appropriate period of time.

Capital Charges

Charges made to provision of services based on the value of the assets they use.

Capital Expenditure

Expenditure on new assets such as land and buildings, or on enhancements to existing assets which significantly prolong their useful life or increase their value.

Capital Receipts

The money received from the sale of assets.

Contingency

A condition exists at the balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

Creditors

Amounts incurred by the Council but not yet paid.

Current Assets

Assets which can be expected to be consumed or realised during the next accounting period.

Current Liabilities

Amounts which will become due or could be called upon during the next accounting period.

Debtors

Amounts due to the Council but not yet received.

Deferred Capital Receipts

Amounts due to the Council from the sale of Fixed Assets which are not receivable immediately on sale e.g. repayments on mortgages granted on the sale of Council Houses.

Revenue Expenditure Funded from Capital under Statute

Capital Expenditure for which the Council either never had, or no longer holds a capital asset.

Depreciation

The estimated losses in value of an asset, owing to age, wear and tear, deterioration, or obsolescence

Direct Revenue Financing

A method of financing capital expenditure from revenue resources in the year of account instead of spreading the cost over a period of years.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Fixed Asset

Assets which can be expected to be of use or benefit the Council in providing its service for more than one accounting period.

General Fund

The main account of the Council which records the cost of services

Government Grants

Payments by central government towards local authority expenditure. They may be specific, for example Housing Benefit Subsidy, Planning Delivery Grant, or general such as the Revenue Support Grant.

Intangible Fixed Asset

Fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights, e.g. software licences.

Local Authority Business Growth Incentive

In 2005 the government introduced this scheme whereby local authorities could share in any excess business rate income above a pre-determined growth rate.

Operating Lease

A lease under which the ownership of the asset remains with the lessor.

Operational Assets

Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Precepts

The amount which a local authority, which cannot levy a Council tax directly on the public (for example County Council), requires to be collected on its behalf.

Provisions

Monies set aside for liabilities which are likely to be incurred but where exact amounts or dates are uncertain.

Reserves

Amounts set aside in the accounts for the purpose of meeting particular future expenditure. A distinction is drawn between reserves and provisions which are set up to meet known liabilities.

Revenue Expenditure

Recurring expenditure on day-to-day expenses such as salaries, electricity, and telephones.

Revenue Support Grant

Paid by central government to assist in the provision of local government services.

Support Service Costs

The cost of certain departments that provide professional and administrative services to the Council e.g. legal and accountancy.

GLOSSARY OF ABBREVIATIONS

CIPFA	Chartered Institute of Public Finance and Accountancy
GAAP	Generally Accepted Accounting Practice
FRS	Financial Reporting Standard
HRA	Housing Revenue Account
IAS	International Accounting Standard
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
LGPS	Local Government Pension Scheme
NNDR	National Non-Domestic Rates
RSG	Revenue Support Grant
SOLACE	Society of Local Authority Chief Executives
SORP	Statement of Recommended Practice
SSAP	Statement of Standard Accounting Practice
CFR	Capital Financing Requirement
MRP	Minimum Revenue Provision
WGA	Whole of Government Accounts