North Norfolk District Council

STATEMENT OF ACCOUNTS 2014/15

CONTENTS

This page is intentionally blank

1. Introduction

The explanatory foreword has been written to provide a brief guide to the content of the Statement of the Accounts. North Norfolk District Council's ("the Authority") financial statements for the year ended 31 March 2015 are set out on pages 10 to 15 followed by supporting notes on pages 16 to 98. These accounts have been prepared to provide information about the financial position of the Authority and its performance and cash flows to meet the common needs of most users. The accounts also demonstrate the results of the Members and management's stewardship and accountability for the resources entrusted to them. A glossary of terms and acronyms used within the accounts is provided at the end of the document. While the financial position of the Authority is regularly monitored and reviewed throughout the year, this Statement of Accounts brings together the financial results of all the Authority's operations and the financial position as at 31 March 2015. The 2014/15 accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 ("the Code"). The following outlines the main statements with a brief outline of their purpose:

- **Statement of Responsibilities** – this sets out the responsibilities of the Authority and the Chief Financial Officer for the accounts.
- **Movement in Reserves Statement** – this statement shows the movement in the year on the different reserves held by the Authority analysed between 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves which are maintained for accounting purposes.
- **Comprehensive Income and Expenditure Statement** – this statement shows the accounting cost of providing services in the year in accordance with generally accepted accounting practices, rather than the amount to be funded from local taxation.
- **Balance Sheet** – this statement shows the value as at the balance sheet date of the assets and liabilities recognised by the Authority. It sets out the financial position of the Authority at the year-end, showing its balances, resources and long-term indebtedness, the net current assets employed in its operations, together with summarised information on the fixed assets held. The Balance Sheet is fundamental to the understanding of the Authority's year-end financial position.
- **Cash Flow Statement** - summarises all inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
- **Collection Fund** - this statement shows the total income collected by the Authority from Council Tax and National Non-Domestic Rates and how this has been distributed to all Precepting organisations including the Government, Norfolk County Council (NCC) and the Police and Crime Commissioner and Parish and Town Councils.

  There will be a debtor or creditor position between the billing authority (NNDC), the Government and the major preceptor (NCC) to be recognised at the end of each year. This is because the net cash paid to the government and the major preceptor during the year will not exactly match its share of the cash collected from NNDR payers.

The Financial Statements are supported by various notes to the accounts which provide additional information to that contained in the core statements themselves.

The remainder of the explanatory foreword gives a brief explanation of the financial aspects of the Authority's activities and draws attention to the main characteristics of the Authority's financial position. In particular, it compares the outturn results with the updated budget.

The Authority incurs both revenue and capital expenditure during the year. Revenue spending is generally considered to be on items which are consumed within a year (salaries, energy costs) and is financed by Government Grants, Council Tax and other income streams. Capital expenditure is incurred on items that have a life beyond one year and is financed from grants, capital receipts or revenue contributions.

2. Activity in the Year

The following table compares the outturn to the budget for the year. This is the main revenue account that represents the day to day expenditure incurred and income received from government grants, Council Tax, fees and charges in provision of local services.

(a) Revenue Activity

The following table shows how the Authority's General Fund expenditure compares with the updated budget for 2014/15. This position excludes notional charges, which do not impact on the amount to be funded by council tax, but includes precepts by parish councils and levies by other bodies.

	Original Budget £000	Updated Budget £000	Actual £000	Variance to Updated Budget £000
Net Expenditure on Services	13,126	13,490	10,377	(3,113)
Net Cost of Services	**13,126**	**13,490**	**10,377**	**(3,113)**
Parish Precepts	1,636	1,636	1,636	0
Net Interest Receivable/Payable	(364)	(332)	(418)	(86)
Revenue Contributions to Capital	421	707	368	(339)
Capital Financing from Reserves	40	(344)	795	1,139
Net Contributions to/(from) Earmarked Reserves	(427)	(306)	2,521	2,827
Council Tax (including Parish Precepts)	(9,714)	(10,071)	(10,944)	(873)
External Support (Government Grant)	(4,678)	(4,678)	(4,700)	(22)
Net (Surplus)/Deficit for year	**39**	**101**	**(366)**	**(467)**
Balance Brought Forward				
Balance Carried Forward	**39**	**101**	**(366)**	**(467)**

The expenditure on services was £3,113,341 less than the updated budget for 2014/15; this is before movements on earmarked reserves for example where expenditure has not been incurred as originally budgeted or if grants or contributions have been received in advance of spend and can be carried forward in an earmarked reserve. The reasons for the more significant variances are provided in the following commentary.

Storm Costs

The budget for the year allowed for ongoing repair works to a number of the Council's properties that were to be funded from either grants, insurance claims or NNDC resources, namely the general reserve. Some of the works have not been completed in full during the year and therefore whilst the budget shows an underspend, these are due to be utilised in 2015/16. In addition the nature of some of the works has meant that the works have been capitalised and whilst there has been an underspend on the revenue account, the funding has been used to finance the capital works. The main areas this relates to are as follows:

- Foreshore properties underspend of £46,928 - this includes lighting, management of the promenade and foreshore furniture and fittings.
- Investment Properties underspend of £396,888 this includes properties such as chalets and beach huts. Some of the costs have been treated as capital and the funding has been re-allocated accordingly.
- Coast Protection the underspend of £470,426 includes storm damage repairs not completed in the year totalling £135,756; of the remaining underspend £295,038 related to various sea defence projects that were not completed in the year.

External Grants and Contributions

There were two significant variances in the year on external grants and contributions. One was due to monies being received above the level budgeted for the VAT Shelter of £514,239 which has been allocated to the Capital Projects reserve to be used to fund schemes within the capital programme. The other related to the allocation of the second homes council tax received from the County, not being fully expended or drawn down by successful grant applicants in the year by £448,114, this has been allocated to an earmarked reserve to be used in 2015/16.

Service Movements

Income - Within the services there have been a number of more significant variances due to additional income being received or a delay in the income being matched by expenditure, the following highlights the reasons for the more significant service areas:

- Car Parks – During the year the income budget for car parking fees was exceeded by £84,277.
- Legal Services – During the year Legal Services was successful in securing additional external work which has generated additional income for the Council. An element of the additional income will be offset by additional staffing costs in order to deliver the work, although some of the posts were not appointed to until later on in the year and therefore overall within the service there was a £135,524 underspend for 2014/15.
- Building Control and Access – During the year the service generated £55,721 additional income above the level budgeted.
- Licensing – income totalling £25,361was achieved above the budgeted level.

Employee Costs – The budget allows for 2% turnover saving annually across all employee costs. During the year there were a number of vacant posts due to inability to recruit or not being recruited to pending further review. In total there was an underspend on employee related costs of

£417,545 including a saving from training of approximately £70,000. The areas carrying vacancies during the year included Regeneration Management, Media and Communications, Customer Services, IT and Revenues and Benefits.

Other Service Movements

There have been other service movements in the year compared to the budget, the more significant of which are summarised below:

- Administration Buildings £45,204 Overspend – Of the overspend £33,464 relates to repair and maintenance costs in respect of the Cromer offices including glazing works. Whilst there has been an underspend in relation to electricity, there is an overspend for the budget heading overall, although this has been mitigated by the favourable outturn position in respect of Property services.
- Pathfinder £51,928 Underspend – The underspend is in relation to the Integrated Coastal Management Fund which has not been used. This will be rolled forward within the earmarked reserve for use in 2015/16 for the development of adaptation and coastal management team.
- IT Support Services £99,402 Underspend - The outturn position is made up of a number of service variances including an underspend on employee costs of £21,351; £20,638 underspend in relation to hardware and software purchase and computer maintenance, and £43,297 underspend on Computer software licences as part of the business transformation project which will be required in 2015/16.
- Environmental Protection £30,389 Underspend – The year end position reflects a number of variances within the service, the more significant of which include the reversing of a bad debt provision of £16,108 for enforcement works which is no longer required as the debt was paid, along with a number underspends against employee related expenditure due to turnover within the year.
- Waste Collection and Disposal £29,346 underspend – The overall underspend for the service is made up of a number of variances within the service budget headings, including:
    - Reduction in commercial disposal costs of (£24,422);
    - Additional fee income of (£18,310) from garden bins and bulky collections;
    - Staff savings of (£20,727) due to vacant posts and turnover;
    - Savings of (£82,978) associated with the Kier contract, primarily the purchase of a new trade waste vehicle which was not required in the year;
    - The new recycling contract commenced in October 2014 and this resulted in contract savings of (£31,968); however, there was a loss of £257,192 on the profit share but this was offset by additional income of (£83,542) by way of a transfer charge being paid by Kier and additional recycling credit income being paid by County of (£31,162)
    - Cleansing £44,601 Underspend – Of the underspend £30,347 relates to costs which have been capitalised and will therefore be funded from a revenue contribution to capital in the year.
- Local Taxation £48,879 Underspend – The budget for 2014/15 included provision for software costs in respect of the Council Tax Support scheme which was to be funded from grant (£35,000), this has not yet been incurred and will therefore be required in future years. In addition

new burdens funding totalling £15,507 in relation to business rates administration costs associated with the Autumn Statement measures was received at the end of year and will be used in 2015/16.

The Updated budget assumed that a net contribution of £649,227 would be made from earmarked reserves in 2014/15. At the year-end £3,316,525 was actually transferred to reserves which included additional income from the business rates retention scheme. Further analysis on the movements on the reserves in the year is provided within note 6 to the accounts on pages 40 to 43.

(b) Capital Activity

Capital expenditure in 2014/15 amounted to £5,714,692 (£4,801,577 2013/14) and was incurred against the following areas:

	Original Budget £000	**Updated Budget £000**	**Actual £000**	**Variance to Updated Budget £000**
Jobs and the Local Economy	284,311	284,311	169,271	(115,040)
Housing and Infrastructure	1,100,543	1,100,543	539,115	(561,428)
Coast, Countryside and Built Heritage	6,649,952	6,649,952	4,227,733	(2,422,219)
Localism	478,764	490,809	241,428	(249,381)
Delivering the Vision	730,198	764,198	537,145	(227,053)
	9,243,768	**9,289,813**	**5,714,692**	**(3,575,121)**

These figures include £1,123,367 (£1,216,266 2013/14) of Revenue Expenditure Funded from Capital under Statute (REFCUS), of which £886,781 has been funded by grant and external contributions.

The main areas of capital expenditure in the year included the following:-

Jobs and the Local Economy

- Council Car Park Improvements - £116,892;

Housing and Infrastructure

- Payment of Disabled Facilities Grants - £534,677;

Coast, Countryside and Built Heritage

- Works on the Cromer Coastal Protection Scheme - £2,323,002;
- Storm Surge Works - £153,723;

- Sheringham West Prom - £279,957;
- Cromer Pier Restaurant and Shop – Storm Surge Works - £228,780;
- Chalet Rebuild – Storm Surge Works - £99,545;
- Cromer Pier Decking – Storm Surge Works - £142,153;
- Sheringham West Prom Cafe – Storm Surge Works - £126,508;
- Payment of Repairs and Renewals Grants - £368,294;
- Cromer Pier Roof Refurbishment - £92,975;

Localism

- Capital grants awarded under the Big Society Fund scheme - £132,500;

Delivering the Vision

- Purchase of IT Network Switches - £91,286;
- Replacement of Server - £100,000.

In the year £1,501,363 (£1,982,438 2013/14) of the Authority's own resources, including capital receipts, reserves and revenue contributions have been used to finance the capital programme. The balance relates to external sources of finance for example other contributions and grants.

The variances in the year related in the main to slippage of schemes to 2015/16 due to schemes not progressing as originally anticipated.

3. Significant Changes introduced in the 2014/15 Accounts

There have been no significant accounting changes introduced by the 2014/15 code that are applicable to the Authority.

4. Reserves

The Authority has a policy to maintain General Fund balances above a minimum of £1.75 million. As at 31 March 2015 the General Fund balance exceeded this at £2.3 million. Earmarked reserves are also held to fund future one-off projects and where there is a need to hold a contingency to meet future liabilities. The Authority's reserves are detailed on pages 40 to 43.

5. Retirement Benefits Disclosure

International Accounting Standard "Employee Benefits" (IAS 19) has been fully incorporated into the ***Chartered Institute Public Finance and Accountancy*** (***CIPFA) Local Authority Accounting Statement of Recommended Practice***. The disclosures required for the financial year ending 31 March 2015 are on pages 64 to 71 and show a Net Pension Liability of £39,012,000 as at 31 March 2015 (£31,716,000 at 31 March 2014).

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy. At present the deficit on the scheme would be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

6. Borrowing Facilities

The Authority remained free of long term debt at 31 March 2015. There are no current plans to undertake any new long-term borrowing, requirements for cash flow purposes will be met by borrowing from the Public Loans Board or PWB and on the London Money Market, which Local Authorities can access.

7. Prudential Code

The Prudential Code allows local authorities to finance capital expenditure from borrowing which does not receive financial support from central government. The objectives of the code are to ensure that local authority investment plans are affordable, prudent and sustainable. In 2014/15 the Authority did not undertake any prudential borrowing to finance capital expenditure.

8. Impact of the Current Economic Climate

The current economic climate along with the associated reductions in central government funding continues to have a direct impact on the finances of the authority.

The 2014/15 budget was approved in February 2014 and included savings and additional income of just under £582,000 across a number of corporate and service areas including contract, efficiency and reorganisation savings. The progress of achieving these has been regularly monitored during the year and where necessary amendments have been made to the budget to reflect where they were not achieved as planned or in fact exceeded.

The repair and recovery programme of works following the damage to NNDC properties caused by the tidal surge in December 2013 has continued in 2014/15 along with administration of the governments repair and renewal grant scheme. Some of the repairs are still outstanding and therefore work will continue in 2015/16. The repair costs have been funded from a number of resources including insurance claims, NNDC reserves and Environment Agency Grant.

A balanced budget has been set for the 2015/16 financial year and takes account of continuing savings from previous years along with new savings and income plans of approximately £221,000. Future funding gaps have been forecast for the following three years of up to £1.3 million by 2018/19. The Authority has already started planning for this which includes business transformation projects which are expected to deliver additional on-going savings from 2016 onwards.

Following the May 2015 Elections an emergency budget has been announced which will take place in July 2015, this will inform the future budgets and also should there be any in year changes these will need to be mitigated by the use of reserves.

Income from investments has increased compared to previous years. For 2014/15 income from investments totalled some £418,400. The key treasury management principles for investment continue to be security of the capital sum.

9. Further Information

For further information about these accounts please contact the Head of Finance, North Norfolk District Council, Council Offices, Holt Road, Cromer, NR27 9EN or email accountancy@north-norfolk.gov.uk.

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 Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The Chief Finance Officers Responsibilities

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

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

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

The Chief Finance Officer has also:

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

Certificate by the Chief Finance Officer

I certify that this Statement of Accounts has been prepared in accordance with proper accounting practices and presents a true and fair view of the financial position of the Authority at the reporting date and of its expenditure and income for the year ended 31 March 2015.

Dated: 23 September 2015

Karen Sly BA Hons CPFA, Head of Finance

Movement in Reserves Statement for the year ended 31 March 2015 (MIRS)

This statement shows the movement in the year on the different reserves held by the Authority, 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 Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the general fund balance for council tax setting purposes. The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority. The total authority reserves at 31 March 2015 as shown in the MIRS agrees to the balance sheet value of £31.21million. Although there are some minor rounding adjustments within the individual reserve classification.

		General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
		£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2013		**1,745**	**6,774**	**6,897**	**0**	**15,416**	**10,371**	**25,787**
Movement in Reserves during 2013/14								
Surplus/(Deficit) on provision of services		2,611	0	0	0	**2,611**	0	**2,611**
Other Comprehensive Income and Expenditure		0	0	0	0	**0**	3,255	**3,255**
Total Comprehensive Income and Expenditure		**2,611**	**0**	**0**	**0**	**2,611**	**3,255**	**5,866**
Adjustments between accounting basis & funding basis under regulations	5	(339)	0	(627)	0	**(966)**	966	**0**
Net Increase/(Decrease) before Transfers to Earmarked Reserves		**2,272**	**0**	**(627)**	**0**	**1,645**	**4,221**	**5,866**
Transfers (to)/from Earmarked Reserves	6	(2,095)	2,095	0	0	**0**	0	**0**
Increase/(Decrease) in Year		**177**	**2,095**	**(627)**	**0**	**1,645**	**4,221**	**5,866**
Balance at 31 March 2014 Carried Forward		**1,922**	**8,869**	**6,270**	**0**	**17,061**	**14,592**	**31,653**
Movement in Reserves during 2014/15								
Surplus on provision of services		4,486	0	0	0	**4,486**	0	**4,486**
Other Comprehensive Income and Expenditure		0	0	0	0	**0**	(4,929)	**(4,929)**
Total Comprehensive Income and Expenditure		**4,486**	**0**	**0**	**0**	**4,486**	**(4,929)**	**(443)**
Adjustments between accounting basis & funding basis under regulations	5	(801)	0	(176)	0	(977)	977	**0**
Net Increase/(Decrease) before Transfers to Earmarked Reserves		**3,685**	**0**	**(176)**	**0**	**3,509**	**(3,952)**	**(443)**
Transfers (to)/from Earmarked Reserves	6	(3,318)	3,318	0	0	**0**	0	**0**
Increase/(Decrease) in Year		**367**	**3,318**	**(176)**	**0**	**3,509**	**(3,952)**	**(443)**
Balance at 31 March 2015 Carried Forward		**2,289**	**12,187**	**6,094**	**0**	**20,570**	**10,640**	**31,210**

Comprehensive Income and Expenditure Statement for the year ended 31 March 2015

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.

2013/14 Gross Expenditure £000	2013/14 Gross Income £000	2013/14 Net Expenditure £000		Note	2014/15 Gross Expenditure £000	2014/15 Gross Income £000	2014/15 Net Expenditure £000
3,212	(1,617)	1,595	Central Services to the public		3,102	(1,390)	**1,712**
3,385	(622)	2,763	Cultural and Related Services		3,872	(625)	**3,247**
8,998	(3,306)	5,692	Environmental and Regulatory Services		8,961	(3,474)	**5,487**
3,518	(2,419)	1,099	Planning Services		3,523	(2,656)	**867**
885	(2,311)	(1,426)	Highways and Transport Services		883	(2,292)	**(1,409)**
30,492	(29,292)	1,200	Other Housing Services		29,554	(29,002)	**552**
1,782	(2)	1,780	Corporate and Democratic Core		1,852	(3)	**1,849**
23	0	23	Non Distributed Costs		5	0	**5**
52,295	**(39,569)**	**12,726**	**Cost of Services**		**51,752**	**(39,442)**	**12,310**
		831	Other Operating Expenditure	7			691
1,563	(358)	1,205	Financing and Investment Income and Expenditure	8	1,473	(406)	1,067
		(17,373)	Taxation and Non-Specific Grant Income	9			(18,554)
		(2,611)	**(Surplus) or Deficit on Provision of Services**	16			**(4,486)**
		(1,400)	(Surplus) or Deficit on revaluation of Plant, Property and Equipment Assets				(555)
		(439)	(Surplus) or Deficit on revaluation of Available for Sale Financial Assets				(687)
		(1,416)	Actuarial (gains)/losses on pension assets/liabilities				6,171
		(3,255)	**Other Comprehensive Income and Expenditure**				**4,929**
		(5,866)	**Total Comprehensive Income and Expenditure**				**443**

Balance Sheet as at 31 March 2015

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category are usable reserves, i.e. those reserves that the Authority 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 may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority 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'.

31 March 2014 £000		Note	31 March 2015 £000
47,246	Property, Plant and Equipment	29	50,211
260	Investment Property	26	255
294	Intangible Assets	27	206
5,412	Long Term Investments	39	10,904
23	Long Term Debtors	39	38
53,235	**Long Term Assets**		**61,614**
6,106	Short Term Investments	39	4,364
26	Inventories	32	37
4,178	Short Term Debtors	33	9,236
10,059	Cash and Cash Equivalents	15	5,040
20,369	**Current Assets**		**18,677**
(462)	Bank Overdraft	15	(437)
(7,834)	Short Term Creditors	34	(8,122)
(611)	Capital Grants Receipts in Advance	38	(512)
(8,907)	**Current Liabilities**		**(9,071)**
(33,044)	Other Long Term Liabilities	22/39	(40,010)
(33,044)	**Long term Liabilities**		**(40,010)**
31,653	**Net Assets**		**31,210**

31 March 2014 £000		Note	31 March 2015 £000
	Usable Reserves:		
1,922	General Fund Balance		2,289
8,869	Earmarked Reserves	6	12,187
6,270	Capital Receipts Reserve		6,094
17,061	**Total Usable Reserves**		**20,570**
	Unusable Reserves:	11	
15,742	Revaluation Reserve	11(a)	16,176
413	Available for Sale Financial Instruments Reserve	11(b)	1,099
30,227	Capital Adjustment Account	11(c)	32,971
(31,716)	Pensions Reserve	11(d)	(39,012)
133	Collection Fund Adjustment Account	11(e)	(401)
(207)	Accumulated Compensated Absences Adjustment Account	11(f)	(193)
14,592	**Total Unusable Reserves**		**10,640**
31,653	**Total Reserves**		**31,210**

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 31 March 2015. The notes on pages 14 to 94 and 96 to 99 form part of the financial statements.

Dated: 23 September 2015

Karen Sly BA Hons CPFA, Head of Finance

Cash Flow Statement for the year ended 31 March 2015

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

31 March 2014 £000		**Note**	**31 March 2015 £000**
2,611	Net Surplus on the provision of services	16	4,486
6,839	Adjust Net Surplus/(Deficit) on the provision of services for non cash movements	12	(2,461)
(1,965)	Adjust for items included in the Net Surplus/(Deficit) on the provision of services that are investing and financing activities	12	(1,049)
7,485	**Net Cash Flows generated from (used in) Operating Activities**		**976**
6,380	Investing Activities	13	(4,723)
(4,438)	Financing Activities	14	(1,247)
9,427	**Net Increase or (Decrease) in Cash and Cash Equivalents**		**(4,994)**
170	Cash and Cash Equivalents at the beginning of the reporting period	15	9,597
9,597	Cash and Cash Equivalents at the end of the reporting period	15	4,603

1. Accounting Policies

A General Principles

The Statement of Accounts summarises the Authority's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2011. These practices primarily comprise the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15 supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounting policies detailed below have been consistently applied within the financial statements.

B Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those services provided by employees) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a receivable or payable for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of receivables is written down and a charge made to revenue for the income that might not be collected.

Where the Authority is acting as an agent for another party (e.g., in the collection of NNDR and council tax), income and expenditure are recognised only to the extent that commission is receivable by the Authority for the agency services rendered or the Authority incurs expenses directly on its own behalf in rendering the services.

C Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable on demand. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash on the Balance Sheet date, and which are subject to an insignificant risk of change in value. Cash and cash equivalents are shown net of bank overdrafts as they are repayable on demand and form an integral part of the Authority's day to day cash management activity.

D Changes in Accounting Policies and Estimates and Errors

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 Authority's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. There have been no changes to the accounting policies in the year and no material errors from previous year requiring restatement.

E Charges to Revenue for Non-Current Assets

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

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

The Authority is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations.

F Employee Benefits

Benefits Payable during Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render services to the Authority. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

Termination Benefits

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

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

Post-employment Benefits

Employees of the Authority are members of the Local Government Pensions Scheme (LGPS), administered by Norfolk County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The Local Government Scheme is accounted for as a defined benefits scheme in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, the Local Government Pension Scheme (Administration) Regulations 2008 and the Local Government Pension Scheme (Transitional Provisions) Regulations 2008. It is contracted out of the State Second Pension:

- The liabilities of the Norfolk pension fund attributable to the Authority 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 3.2% (4.3% in 2013/14). This rate is based on a corporate yield curve based on the constituents of the iBoxx Sterling Corporates AA index and using the UBS delta curve fitting methodology. In line with the adoption of IAS 19 – Employee Benefits, an individual discount rate is calculated for each employer, based on their own weighted average duration category. The weighted average duration is used to identify the appropriate category for each employer as shown in the table below:-

Weighted Average Duration	Discount Rate Category
Less than 17 years	Short
Between 17 and 23 years	Medium
More than 23 years	Long

- The change in the net pensions liability is analysed into seven components:
  - Current service cost - The increase in the present value of the defined benefit obligation resulting from employee service in the current period
  - Past service cost – The increase in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may either be positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).
  - Interest cost – The increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to payment.
  - Expected return on assets -The expected increase during a period in the value of assets, based on values and long term expected returns as at the start of the period.
  - Gains/losses on settlements and curtailments -the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited/credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;
  - Actuarial gains and losses -changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve. These are recognised under 'other comprehensive income';
  - Contributions paid to the Norfolk pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

Discretionary Benefits

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

G Events after the Balance Sheet Date

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

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

Any events taking place after the accounts are finally signed off are not reflected in the Statement of Accounts.

H Exceptional Items

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

Financial Instruments

I Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument. For the short term borrowing that the Authority has, the amount presented in the Balance Sheet is the outstanding principal payable (plus accrued interest). Interest charged to the Comprehensive Income and Expenditure statement is the amount payable for the year. Other financial liabilities are trade payables. These are carried on the Balance Sheet at their fair value which is taken to be the invoiced amount and no instruments are held at amortised cost

J Financial Assets

Financial assets are classified into two types:

- loans and receivables - assets that have fixed or determinable payments but are not quoted in an active market.
- available-for-sale assets - assets that have a quoted market price and/or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. If it is appropriate, they are then measured at their amortised cost (if, for example, the Authority incurred significant transaction costs which need to be written-off or an investment was bought for other than its par value). Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income, and Expenditure Statement is the amount receivable for the year under the terms of the loan.

Where loans are advanced at below market rates, they are classed as ‘Soft Loans’ and specific accounting requirements apply to them. The Authority has a very small number of car loans to employees and other loans to voluntary organisations to encourage leisure activities and economic development. The impact of accounting fully for the losses on these loans is considered to be immaterial and the special accounting requirements have not been applied.

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

Available for Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument.

Assets are maintained in the Balance Sheet at fair value based on the quoted market price. Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus/Deficit on Revaluation of Available-for-Sale Financial Assets line in the Comprehensive Income and Expenditure Statement.

It is the Authority's policy to hold these assets until maturity at which time the fair value of the asset will be equal to the nominal value. If the asset were to be sold prior to maturity, any gain or loss would be recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

K Government Grants and Contributions

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

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Account until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset received in the form of 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 not been satisfied are carried in the Balance Sheet as payables. When conditions are satisfied, the grant or contribution is credited to the relevant service line (for 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 Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

Where general (non-ring fenced) revenue grants are allocated to the Authority by Central Government these are credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

L Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority for more than one financial year.

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service 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 or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

M Inventories and Work in Progress

Inventories including coast protection materials and stationery are included in the Balance Sheet at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

N Investment Properties

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

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

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

Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and for any sale proceeds greater than £10,000 the Capital Receipts Reserve.

O Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

Property Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

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

Operating Leases

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

The Authority as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property -applied to write down the lease liability (together with any premiums received); and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

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

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

Operating Leases

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

P Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014/15 (SeRCOP). The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Authority's status as a multifunctional, democratic organisation;
- Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on surplus assets in Property, Plant and Equipment.

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

Q Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

<u>Recognition</u>

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 Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

A de-minimus level of £10,000 is applied to expenditure on assets.

Measurement

Assets are initially measured at cost, comprising:

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Authority. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

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

- Infrastructure, community assets and assets under construction - depreciated historical cost
- All other assets - fair value, determined, the amount that would be paid for the asset in its existing use (existing use value - EUV).

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

Assets included in the Balance Sheet at fair value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Valuations are carried out either by an internal or external qualified valuer.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a revaluation or impairment loss previously charged to a service.

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

- where there is a balance of revaluation gains for the asset in the revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) 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.

Impairment

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

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

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

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

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

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

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

Amounts received for a disposal in excess of £10,000 are generally 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 fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Depreciation

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

Deprecation is calculated on the following bases:

- Buildings - straight-line allocation over the useful life of the property as estimated by the valuer (typically 30 to 100 years);
- Vehicles, plant and equipment - a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer. The maximum useful life is 10 years and the minimum 4 years typically most assets have a useful life of 5 years;
- Infrastructure – straight line allocation over 20 years.
- Community and Surplus assets – The land element of these is not depreciated, any property is depreciated over its useful life.

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

Componentisation

Where an item of Property, Plant and Equipment asset has major components whose cost is significant (i.e. more than 30%) in relation to the total cost of the item, the components are depreciated separately.

Componentisation is considered for all new valuations, enhancement expenditure and acquisition expenditure carried out on or after 1 April 2011. Where a component is replaced or restored (i.e. enhancement expenditure) the carrying amount of the old component shall be de-recognised before reflecting the enhancement.

The Authority recognises the following levels of components:

- Substructure
- Superstructure
- Internal services
- External works

Componentisation is not applicable to land as land is non-depreciable and is considered to have an infinite life.

R Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority 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 but where there is uncertainty around the timing.

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made); the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation. Provisions for bad and doubtful debts are maintained in respect of possible losses from non-collection of amounts owing to the Authority. This includes Council Tax, Business Rates and other income. The provisions are recalculated each year based on age and category of outstanding debt at the end of the financial year, reflecting historical collection patterns, and are included in the Balance Sheet as an adjustment to receivables.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority 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 Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority 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 Authority. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

S Reserves

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

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

T Revenue Expenditure Funded from Capital under Statute

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

U VAT

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

V Council Tax and Non-domestic Rate Income

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and Non-Domestic Rates (NDR). In its capacity as a billing authority, the Council acts as an agent collecting and distributing Council Tax and NDR income on behalf of the major preceptors and itself.

From 1 April 2009, the Council has been required to show Council Tax income in the Comprehensive Income and Expenditure Account as accrued income.

From 1 April 2013, the Council has been required to show Non-Domestic Rate income in the Comprehensive Income and Expenditure Account as accrued income.

The Council's share of Collection Fund income and expenditure is recognised in the Comprehensive Income and Expenditure Statement in the Taxation and Non-Specific Grant Income and Expenditure section.

2. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the UK 2015/16 has introduced the following changes in accounting policy, which will need to be adopted fully by the Authority in the 2015/16 financial statements from 1 April 2015 :

- IFRS 13 Fair Value Measurement - This standard has introduced a consistent definition of fair value setting out a framework for measuring fair value and the related disclosures required. It is designed to apply to assets and liabilities covered by those IFRS standards that currently require or allow fair value measurement. This new accounting standard will require the Council to measure its surplus assets, investment property and investments held for sale at fair value as opposed to their previous bases for measurement. Operational property, plant and equipment assets are outside the scope of IFRS 13. Overall this standard is not expected to have a material impact on the Statement of Accounts, due to the low value of surplus assets held by the Council.

- IFRIC 21 Levies - This standard provides guidance on the recognition of liabilities to pay levies (in line with IAS 37 Provisions, contingent liabilities & contingent assets). This is not expected to have any material impact on the council.

- Annual Improvements to IFRSs 2011-2013 Cycle – These improvements are minor and are mainly focused on providing clarification and is not expected to have any impact on the Council.

The Code requires implementation from 1 April 2015 and there is therefore no impact on the 2014/15 Statement of Accounts.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority 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 Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Asset Categorisation - The Code classifies assets according to certain criteria. For example investment properties are classified as those assets that are held primarily to generate rental income or for capital appreciation, surplus assets are those assets that are surplus to service needs and do not meet the criteria for investment property or assets held for sale. Assets held for sale is usually restricted to property that is expected to be sold in 12 months. For the Authority, industrial rental units have been treated as other land and buildings based on the judgement that they are held for a service objective of Economic Development and regeneration.
- NNDR appeals- are estimates made for the expected loss of income as a result of successful appeals based on currently outstanding appeals

4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the 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 balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property Plant and Equipment	Asset valuation in the current economic climate is subject to significant stress. Impairment reviews by the Authority of its asset base have been undertaken in a robust way to reflect the changes in its asset values. Depreciation charges are related to the useful life of the assets and dependant on the level of repairs and maintenance that will be incurred in relation to individual assets.	It is important that the asset values in the Balance Sheet are kept under review. If the useful lives of the assets are reduced depreciation increases and the carrying value of the assets falls. Whilst there is a risk in any valuation exercise changes to useful lives and depreciation do not impact the Authority’s useable reserves as depreciation charges do not fall on the Council Tax payer.

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. Actuaries are employed by the pension schemes administrators to provide expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured, for example a 0.5% decrease in the real discount rate assumption would result in an increase of 9% in the pension liability which is approximately £8.791m. (i) A one year increase in member life expectancy would result in an increase of 3% in the pension liability which is approximately £2.998m. (ii) If salaries were to increase by 0.5% more than anticipated, the pension liability would increase by 3%, approximating to £2.852m. (iii) If pensions payable were to increase by 0.5% more than anticipated, the pension liability would increase by 6%, approximating to £5.769m.

5. Movement in Reserves Statement - Adjustments between Accounting Basis and Funding Basis Under Regulations

This details the adjustments that are made 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 Authority to meet future capital and revenue expenditure.

2014/15	**General Fund Balance**	**Capital Receipts Reserve**	**Capital Grants Unapplied Account**	**Movement in Unusable Reserves**
	£000	**£000**	**£000**	**£000**
Adjustments involving the Capital Adjustment Account				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	1,570	0	0	(1,570)
Revaluation losses on Property, Plant and Equipment	549	0	0	(549)
Movements in the market value of Investment Properties	12	0	0	(12)
Amortisation of intangible assets	143	0	0	(143)
Capital Grants and Contributions that have been applied to capital financing	(3,335)	0	0	3,335
Revenue Expenditure Funded from Capital Under Statute	237	0	0	(237)
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	(950)	0	0	950
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(306)	0	0	306
Capital expenditure charged against the General Fund	(368)	0	0	368

2014/15	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000
Adjustments involving the Capital Receipts Reserve				
Transfers of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure	0	950	0	(950)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(1,125)	0	1,125
Adjustments involving the Pensions Reserve				
Reversal of items relating to post-employment benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement	2,832	0	0	(2,832)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,707)	0	0	1,707
Adjustments involving the Collection Fund Adjustment Account				
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from the Council Tax income calculated for the year in accordance with statutory requirements	534	0	0	(534)
Adjustments involving the Accumulating Compensated Absences Adjustment Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(14)	0	0	14
Total Adjustments	**(803)**	**(175)**	**0**	**978**

2013/14	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000
Adjustments involving the Capital Adjustment Account				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	883	0	0	(883)
Revaluation losses on Property, Plant and Equipment	441	0	0	(441)
Movements in the market value of Investment Properties	10	0	0	(10)
Amortisation of intangible assets	150	0	0	(150)
Capital Grants and Contributions that have been applied to capital financing	(2,247)	0	0	2,247
Revenue Expenditure Funded from Capital Under Statute	645	0	0	(645)
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	(555)	0	0	555
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(281)	0	0	281
Capital expenditure charged against the General Fund	(600)	0	0	600

2013/14	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000
Adjustments involving the Capital Receipts Reserve				
Transfers of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure	0	755	0	(755)
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(1,382)	0	1,382
Adjustments involving the Pensions Reserve				
Reversal of items relating to post-employment benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement	2,976	0	0	(2,976)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,684)	0	0	1,684
Adjustments involving the Collection Fund Adjustment Account				
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from the Council Tax income calculated for the year in accordance with statutory requirements	(97)	0	0	97
Adjustments involving the Accumulating Compensated Absences Adjustment Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	20	0	0	(20)
Total Adjustments	**(339)**	**(627)**	**0**	**966**

General Fund Balance - The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise.

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

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

6. Movement in Reserves Statement – Transfers to/from Earmarked Reserves

This sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2014/15.

	Balance at 1 April 2013 £000	Transfers Out 2013/14 £000	Transfers In 2013/14 £000	Balance at 31 March 2014 £000	Transfers Out 2014/15 £000	Transfers In 2014/15 £000	Balance at 31 March 2015 £000
Asset Management	65	(53)	36	48	(14)	27	61
Benefits	672	0	50	722	(50)	50	722
Big Society Fund	542	(184)	611	969	(651)	467	785
Broadband	0	0	0	0	0	1,000	1,000
Building Control	0	0	46	46	0	75	121
Business Rate Retention	0	0	327	327	0	1,252	1,579
Capital Projects Reserve	2,063	(994)	812	1,881	0	795	2,676
Carbon Management	21	(21)	0	(0)	0	0	(0)
Coast Protection	60	(60)	243	243	(243)	237	237
Common Training	36	(9)	50	77	(50)	0	27
Cromer Pier	15	(15)	0	0	0	0	0
Economic Development & Regeneration	70	(26)	6	50	0	67	117
Election Reserve	30	0	45	75	(15)	30	90
Enforcement Board	0	(53)	200	147	(88)	88	147
Environmental Health	33	(20)	53	66	(45)	20	41
Grants	48	(48)	238	238	(240)	330	328
Grassed Area Deposits	349	0	0	349	0	0	349
Housing	242	(142)	0	100	(15)	17	102
Land Charges	50	(30)	20	40	0	49	89
Legal	48	(43)	44	49	(5)	30	74
Local Strategic Partnership	83	(31)	0	52	0	0	52
LSVT Reserve	435	0	0	435	0	0	435
New Homes Bonus	612	0	675	1,287	(469)	298	1,116

	Balance at 1 April 2013 £000	Transfers Out 2013/14 £000	Transfers In 2013/14 £000	Balance at 31 March 2014 £000	Transfers Out 2014/15 £000	Transfers In 2014/15 £000	Balance at 31 March 2014/15 £000
Organisational Development	70	(70)	108	108	(82)	90	116
Partnership Budgets	35	(35)	0	0	0	0	0
Pathfinder	266	(128)	102	240	(104)	71	207
Planning - Revenue	135	(124)	289	300	(102)	177	375
Restructuring and Invest to Save	694	(205)	435	924	(314)	639	1,249
Sports Hall Equipment/Sports Facilities	25	(13)	18	30	(16)	12	26
Treasury (Property) Reserve	66	0	0	66	0	0	66
Whistle Blowing	10	(10)	0	0	0	0	0
Total	**6,775**	**(2,314)**	**4,408**	**8,869**	**(2,503)**	**5,821**	**12,187**

Total transfers out during 2014/15	**(2,503)**
Total transfers in during 2014/15	**5,821**
Net Movement in Earmarked Reserves in 2014/15	**3,318**

The purpose of each earmarked reserves is explained below:

Asset Management - To support improvements to our existing assets as identified through the Asset Management Plan.

Benefits - To mitigate any claw back by the Department of Works and Pensions following final audited subsidy determination.

Big Society Fund (BSF) – To support projects that communities identify where they will make a difference to the economic and social wellbeing of the area. This is funded from the return of the second homes funding from Norfolk County Council.

Building Control – Ring- fenced to cover any future deficits on the building control service.

Business Rates Retention – To be used to mitigate the impact of final claims and appeals in relation to Business Rates Retention scheme.

Capital Projects Reserve - To provide funding for capital projects. This includes the VAT shelter income that is received in the year and not yet spent on projects.

Carbon Management - To fund revenue invest to save initiatives as part of the Authority's Carbon Management Plan.

Coast Protection - To support the on-going coast protection maintenance programme.

Common Training - To deliver the corporate training and development programme.

Cromer Pier - To fund future repair costs for the pier.

Economic Development and Regeneration: Service underspends rolled forward that relate to one off projects or expenditure not budgeted for in future years, including learning for everyone.

Election Reserve - Established to meet costs associated with district council elections, to smooth the impact between financial years.

Environmental Health - Earmarking of underspends and additional income to meet Environmental Health.

Grants – Earmarking of grants received in the year for which expenditure is yet to be incurred, for example due to the timing of the receipt.

Grassed Area Deposits - To finance ongoing commitments in relation to grounds maintenance contracts.

Housing – Includes homelessness grant funding received in previous years that had been earmarked for related projects.

Land Charges – To mitigate the impact of potential income reductions for the service.

Legal – Includes funding for Compulsory Purchase Order (CPO) work and other one-off work.

Local Strategic Partnership – Ring fenced from the former Local Strategic Partnership, earmarked for ongoing liabilities.

LSVT Reserve – To meet the cost of successful warranty claims not covered by bonds and insurance following the housing stock transfer.

New Homes Bonus (NHB) – Established for supporting communities with future growth and development and Plan review.

Organisational Development - To provide funding for organisation development to create capacity within the organisation.

Pathfinder - To help Coastal Communities adapt to coastal changes. The balance represents grant funding that has been received that has been fully allocated to projects to deliver the Pathfinder objectives but has not yet been spent.

Planning – Additional Planning Income earmarked for Planning Initiatives including Plan Review.

Restructuring and Invest to Save - To be used for restructuring costs including one-off redundancy and pension strain costs and invest to save projects that will deliver efficiency savings.

Sports Hall Equipment and Sports Facilities - To support renewals for sports hall equipment. Transfers in the year represents over or under achievement of income target.

Treasury (Property) – To smooth the impact of fluctuations in returns from property investment.

Whistle Blowing - Commissioning investigation activity as required.

7. Comprehensive Income and Expenditure Statement – Other Operating Expenditure

2013/14 £000		2014/15 £000
1,457	Parish Council Precepts	1,635
(71)	(Gains) Losses on Trading Operations (Note 17)	6
(555)	(Gains) on the disposal of non-current assets	(950)
831	**Total**	**691**

8. Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure

2013/14 £000		2014/15 £000
140	Interest payable and similar charges	115
1,429	Pensions interest cost and expected return on pensions assets	1,358
(354)	Interest receivable and similar income	(418)
(10)	Changes in the fair value of investment property	12
1,205	**Total**	**1,067**

9. Comprehensive Income and Expenditure Statement – Taxation and Non Specific Grant Income

2013/14 £000		2014/15 £000
(6,540)	Council Tax Income	(6,841)
(3,271)	Non Domestic Rates	(3,570)
(4,235)	Revenue Support Grant	(3,354)
(1,080)	Other Non ringfenced government grants	(1,454)
(2,247)	Capital grants and contributions	(3,335)
(17,373)	**Total**	**(18,554)**

9a. Material Items of Income and Expense

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

Tidal Surge of 5th and 6th December 2013 - This event had a significant impact upon properties both residential and commercial throughout the coastal areas of the district. The Comprehensive Income and Expenditure Statement reflects the repair costs that had been incurred as at the 31st March 2015 and the associated sources of funding. These are set out in the table below.

REVENUE		
Expenditure:	**2013/14**	**2014/15**
NNDC Property Assets	57,914	56,874
Coastal Assets	71,668	170,730
Other Infrastructure	8,142	22,049
Emergency Response	44,373	0
Business Support Grants	0	51,518
Sub Total	**182,097**	**301,171**
External Funding:		
Insurance Claims	(33,697)	(50,768)
Bellwin Claim*	(45,758)	0
Severe Weather Recovery Scheme **	(102,642)	0
Business Support Grant	0	(51,518)
	(182,097)	**(102,285)**
Net Impact to NNDC	**0**	**198,885**

Details of capital expenditure incurred as a result of the Tidal Surge can be found in note 28a.

* A Government scheme designed to recompense authorities for the costs of emergency measures taken during exceptional circumstances.

** A fund launched by Government in February 2014 to help local authorities affected by flooding.

10. Balance Sheet – Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement and notes 5 and 6.

11. Balance Sheet – Unusable Reserves

The following provides a summary of the details of the Authority's unusable reserves. Further details on each of the reserves are provided below.

2013/14 £000		2014/15 £000
15,742	Revaluation Reserve	16,176
412	Available for Sale Financial Instruments Reserve	1,099
30,227	Capital Adjustment Account	32,971
(31,716)	Pensions Reserve	(39,012)
133	Collection Fund Adjustment Account	(401)
(207)	Accumulated Compensated Absences Adjustment Account	(193)
14,591	**Total Unusable Reserves**	**10,640**

11(a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2013/14 £000		2014/15 £000
14,473	**Balance at 1 April**	**15,742**
2,767	Upward revaluation of assets	1,652
(1,366)	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	(1,097)
(132)	Difference between fair value depreciation and historical cost depreciation	(121)
15,742	**Balance at 31 March**	**16,176**

11(b) Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised

2013/14 Restated £000		2014/15 £000
(28)	**Balance at 1 April**	**411**
439	(Downward)/upward revaluation of investments not charged to the surplus/deficit on the provision of services	688
411	**Balance at 31 March**	**1,099**

11(c) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 5 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2013/14 £000		2014/15 £000
27,917	**Balance at 1 April**	**30,227**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(883)	Charges for depreciation and impairment on non-current assets	(1,570)
(441)	Revaluation losses on Property, Plant and Equipment	(549)
(150)	Amortisation of tangible assets	(143)
(645)	Revenue expenditure funded from capital under statute	(237)
(203)	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	0
25,595		27,728
132	Adjusting amounts written out of the revaluation reserve	121
25,727	Net written out amount of the cost of non current assets consumed in the year	27,849
	Capital financing applied in the year:	
1,382	Use of capital receipts reserve to finance new capital expenditure	1,125
2,247	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statements that have been applied to capital financing	3,335
281	Statutory provision for the financing of capital investment charged against the general fund balance	306
600	Capital expenditure charged against the general fund balance	368
30,237		32,983
(10)	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	(12)
30,227	**Balance at 31 March**	**32,971**

11(d) Pensions Reserve

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

2013/14 £000		**2014/15 £000**
(31,840)	**Balance at 1 April**	**(31,716)**
1,416	Actuarial gains/(losses) on pensions assets and liabilities	(6,171)
(2,976)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement	(2,832)
1,684	Employer's pension contributions and direct payments to pensioners payable in the year	1,707
(31,716)	**Balance at 31 March**	**(39,012)**

11(e) Collection Fund Adjustment Account

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

2013/14 £000		2014/15 £000
36	**Balance at 1 April**	**133**
97	Amount by which council tax and business rate income credited to the Comprehensive Income and Expenditure Statement is different from council tax and business rate income calculated for the year in accordance with statutory requirements	(534)
133	**Balance at 31 March**	**(401)**

11(f) Accumulating Compensated Absences Adjustment Account

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

2013/14 £000		2014/15 £000
(187)	**Balance at 1 April**	**(207)**
187	Settlement or cancellation of an accrual made at the end of the preceding year	207
(213)	Amounts accrued at the end of the current year	(229)
6	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	36
(207)	**Balance at 31 March**	**(193)**

12. Cash Flow Statement – Arising from Operating Activities

The cash flows for operating activities include the following items:

2013/14 £000		2014/15 £000
296	Interest Received	413
(140)	Interest Paid	(115)
156	**Net cash flows from operating activities**	**298**

2013/14 £000	The surplus or deficit on the provision of services has been adjusted for the following non-cash movements	2014/15 £000
883	Depreciation	1,570
451	Impairment and downward valuations	561
150	Amortisation	143
2	Adjustment movements in fair value of investments classified as Fair Value through Profit & Loss a/c	0
2,931	Increase in Creditors	(102)
(58)	(Decrease) in Interest and Dividend Debtors	(6)
944	Increase / (Decrease) in Debtors	(5,740)
41	Increase / (Decrease) in Inventories	(11)
1,292	Movement in Pension Liability	1,124
203	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	0
6,839		**(2,461)**

2013/14 £000	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	2014/15 £000
(213)	Capital Grants credited to surplus or deficit on the provision of services	(99)
(997)	Net adjustment from the sale of short and long term investments	0
(755)	Proceeds from the sale of property plant and equipment, investment property and intangible assets	(950)
(1,965)		**(1,049)**

13. Cash Flow Statement – Investing Activities

2013/14 £000		2014/15 £000
(2,074)	Purchase of property, plant and equipment, investment property and intangible assets	(3,362)
(41,315)	Purchase of short-term and long-term investments	(46,131)
755	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	950
50,310	Proceeds from short-term and long-term investments	43,075
(1,296)	Other receipts from investing activities	745
6,380	**Net cash flows from investing activities**	**(4,723)**

14. Cash Flow Statement – Financing Activities

2013/14 £000		2014/15 £000
975	Other receipts from financing activities	0
(1,913)	Cash payments for the reduction of the outstanding liabilities relating to finance leases.	(1,634)
(3,500)	Repayments of short-term and long-term borrowing	0
0	Other payments for financing activities	387
(4,438)	**Net cash flows from financing activities**	**(1,247)**

15. Cash Flow Statement – Cash and Cash Equivalents

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

2013/14 Restated £000		2014/15 £000
4	Cash held by officers	3
(462)	Bank current accounts	(437)
10,055	Call Accounts with Banks and investments in Money Market Funds	5,037
9,597	**Total cash and cash equivalents**	**4,603**

16. Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Account 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 Service Areas. These reports are prepared on a different basis from the accounting policies used in the financial statements

The income and expenditure of the Authority's principal Service Areas recorded in the budget reports for the year is as follows:

Service Area Income and Expenditure - 2014/15	**Assets & Leisure £000**	**CLT / Corporate £000**	**Customer Services £000**	**Community, Economic Development & Coastal £000**	**Organisational development £000**
Fees, charges and other services income	(4,648)	(1,052)	(2,574)	(2,520)	(862)
Government Grants	0	0	0	(466)	0
Total Income	**(4,648)**	**(1,052)**	**(2,574)**	**(2,986)**	**(862)**
Employee Expenses	974	730	1,293	848	634
Pension Fund Accounting Entries (Included in reporting to management)	5	4	6	4	3
Other service expenses	3,515	151	826	1,337	632
Depreciation, amortisation and impairment (Included in reporting to management)	1,161	0	170	846	2
Support service expenses	1,408	166	856	1,115	427
Total Expenditure	**7,063**	**1,051**	**3,151**	**4,150**	**1,698**
Net Expenditure	**2,415**	**(1)**	**577**	**1,164**	**836**

Service Area Income and Expenditure - 2014/15 Cont'd

	Environmental Health £000	Finance £000	Development Management £000	Total £000
Fees, charges and other services income	(3,620)	(2,195)	(2,146)	**(19,617)**
Government Grants	0	(28,325)	0	**(28,791)**
Total Income	**(3,620)**	**(30,520)**	**(2,146)**	**(48,408)**
Employee Expenses	1,223	2,092	1,591	**9,385**
Pension Fund Accounting Entries (Included in reporting to management)	6	(269)	8	**(233)**
Other service expenses	4,985	28,771	520	**40,737**
Depreciation, amortisation and impairment (Included in reporting to management)	292	43	50	**2,564**
Support service expenses	727	2,526	1,070	**8,295**
Total Expenditure	**7,233**	**33,163**	**3,239**	**60,748**
Net Expenditure	**3,613**	**2,643**	**1,093**	**12,340**

Service Area Income and Expenditure - 2013/14 (Restated)

	Assets & Leisure £000	CLT / Corporate £000	Customer Services £000	Community, Economic Development & Coastal £000	Organisational development £000
Fees, charges and other services income	(4,766)	(1,116)	(2,711)	(2,056)	(859)
Government Grants	0	0	0	(463)	0
Total Income	**(4,766)**	**(1,116)**	**(2,711)**	**(2,519)**	**(859)**
Employee Expenses	1,067	773	1,325	911	624
Pension Fund Accounting Entries (Included in reporting to management)	18	14	20	16	10
Other service expenses	3,881	122	815	575	612
Depreciation, amortisation and impairment (Included in reporting to management)	27	0	265	1,795	0
Support service expenses	1,369	206	1,057	1,030	491
Total Expenditure	**6,362**	**1,115**	**3,482**	**4,327**	**1,737**
Net Expenditure	**1,596**	**(1)**	**771**	**1,808**	**878**

Service Area Income and Expenditure - 2013/14 (Restated) Cont'd	**Environmental Health**	**Finance**	**Development Management**	**Total**
	£000	**£000**	**£000**	**£000**
Fees, charges and other services income	(3,473)	(2,146)	(2,763)	**(19,890)**
Government Grants	0	(28,850)	0	**(29,313)**
Total Income	**(3,473)**	**(30,996)**	**(2,763)**	**(49,203)**
Employee Expenses	1,146	2,201	1,547	**9,594**
Pension Fund Accounting Entries (Included in reporting to management)	22	(264)	27	**(137)**
Other service expenses	5,163	29,259	412	**40,839**
Depreciation, amortisation and impairment (Included in reporting to management)	252	36	41	**2,416**
Support service expenses	786	2,448	1,121	**8,508**
Total Expenditure	**7,369**	**33,680**	**3,148**	**61,220**
Net Expenditure	**3,896**	**2,684**	**385**	**12,017**

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

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

2013/14		**2014/15**
£000		**£000**
12,017	Net expenditure in the Service Area analysis	12,340
(86)	Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	(120)
795	Amounts included in the analysis not included in the Comprehensive Income and Expenditure Statement	90
12,726	**Cost of services in Comprehensive Income and Expenditure Statement**	**12,310**

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of Service Area income and expenditure relate to a subjective analysis of the surplus or deficit on the provision of services included in the Comprehensive Income and Expenditure Statement.

2014/15	**Service Area Analysis**	**Services and Support Services not in Analysis**	**Amounts not reported to management**	**Amounts not included in I&E**	**Allocation of recharges**	**Cost of Services (sub total)**	**Corporate Amounts**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Fees, charges and other services income	(19,617)	0	0	0	(384)	**(20,001)**	(175)	**(20,176)**
Interest and investment income	0	0	0	0	0	**0**	(424)	**(424)**
Income from council tax	0	0	0	0	0	**0**	(6,795)	**(6,795)**
Government grants and contributions	(28,791)	0	0	107	0	**(28,684)**	(11,759)	**(40,443)**
Total Income	**(48,408)**	**0**	**0**	**107**	**(384)**	**(48,685)**	**(19,153)**	**(67,838)**
Employee Expenses	9,385	0	(14)	0	4,563	**13,934**	12	**13,946**
Pension Fund Accounting Entries	(233)	0	0	0	0	**(233)**	1,358	**1,125**
Other service expenses	40,737	0	(106)	(5)	4,116	**44,742**	169	**44,911**
Support service recharges	8,295	0	0	0	(8,295)	**0**	0	**0**
Depreciation, amortisation and impairment	2,564	0	0	(12)	0	**2,552**	12	**2,564**
Interest Payments	0	0	0	0	0	**0**	121	**121**
Precepts and levies	0	0	0	0	0	**0**	1,635	**1,635**
Gain or loss on disposal of fixed assets	0	0	0	0	0	**0**	(950)	**(950)**
Total Expenditure	**60,748**	**0**	**(120)**	**(17)**	**384**	**60,995**	**2,357**	**63,352**
Surplus or deficit on the provision of services	**12,340**	**0**	**(120)**	**90**	**0**	**12,310**	**(16,796)**	**(4,486)**

2013/14 Restated (Comparative Figures)

	Service Area Analysis	Services and Support Services not in Analysis	Amounts not reported to management	Amounts not included in I&E	Allocation of recharges	Cost of Services (sub total)	Corporate Amounts	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Fees, charges and other services income	(19,890)	0	0	0	(183)	**(20,073)**	(190)	**(20,263)**
Interest and investment income	0	0	0	0	0	**0**	(358)	**(358)**
Income from council tax	0	0	0	0	0	**0**	(6,540)	**(6,540)**
Government grants and contributions	(29,313)	0	0	729	0	**(28,584)**	(10,833)	**(39,417)**
Total Income	**(49,203)**	**0**	**0**	**729**	**(183)**	**(48,657)**	**(17,921)**	**(66,578)**
Employee Expenses	9,594	0	20	0	4,403	**14,017**	10	**14,027**
Pension Fund Accounting Entries	(137)	0	0	0	0	**(137)**	1,429	**1,292**
Other service expenses	40,839	0	(106)	66	4,288	**45,087**	109	**45,196**
Support service recharges	8,508	0	0	0	(8,508)	**0**	0	**0**
Depreciation, amortisation and impairment	2,416	0	0	0	0	**2,416**	(10)	**2,406**
Interest Payments	0	0	0	0	0	**0**	144	**144**
Precepts and levies	0	0	0	0	0	**0**	1,457	**1,457**
Gain or loss on disposal of fixed assets	0	0	0	0	0	**0**	(555)	**(555)**
Total Expenditure	**61,220**	**0**	**(86)**	**66**	**183**	**61,383**	**2,584**	**63,967**
Surplus or deficit on the provision of services	**12,017**	**0**	**(86)**	**795**	**0**	**12,726**	**(15,337)**	**(2,611)**

17. Trading Operations

The Authority runs two service areas as trading services. Details of those services are as follows:

		2013/14		2014/15	
		£000	£000	£000	£000
The Council currently operates three general produce markets on two car park sites in Sheringham and Cromer. They are provided to meet local demands and to promote tourism. The trading objective is to minimise the deficit relating to the service.	Turnover	(78)		(60)	
	Expenditure	144		128	
	Deficit		**66**		**68**
The Council lets a total of 17 industrial units over three sites in Fakenham, North Walsham and Catfield. The Catfield and Fakenham sites include starter units which were developed jointly with EEDA, to provide opportunities for local business start ups and developments. The trading objective is to minimise the deficit relating to the service.	Turnover	(112)		(114)	
	Expenditure	12		81	
	Deficit / (Surplus)		**(101)**		**(33)**
Net (surplus) / deficit on trading operations:			**(35)**		**35**

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. Some are an integral part of one of the Council's services to the public (e.g. refuse collection), whilst others are support services to the Council's services to the public. The expenditure of these operations is allocated or recharged to headings in the net operating expenditure of continuing operations. Only a residual amount of the net surplus on trading operations is charged as other operating expenditure (see Note 7):

In 2013/14 there were significant property revaluations in relation to the industrial units which resulted in impairment and writing back of depreciation figures being included within the accounts. For 2014/15 there were no equivalent changes which have resulted in a change from a surplus in year to a deficit across the trading operations.

	2013/14	2014/15
	£000	£000
Net deficit/(surplus) on trading operations	(35)	35
Services to the public included in expenditure of continuing operations	(36)	(29)
Net deficit / (surplus) debited / (credited) to other operating expenditure	**(71)**	**6**

18. External Audit Costs

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

	2013/14 PWC £000	2013/14 Audit Commission £000	2013/14 Total £000	2014/15 PWC £000	2014/15 Audit Commission £000	2014/15 Total £000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	74	(8)	**66**	71	(6)	**65**
Fees payable for the certification of grant claims and returns for the year	39	0	**39**	46	0	**46**
Total	**113**	**(8)**	**105**	**117**	**(6)**	**111**

19. Members Allowances

The Authority paid the following amounts to members of Council during the year. Full details can be obtained by writing to North Norfolk District Council, Information Services, Holt Road, Cromer, Norfolk, NR27 9EN.

2013/14		2014/15
£		**£**
258,160	Allowances	257,068
29,823	Expenses	27,882
287,983		**284,950**

20. Officers' Remuneration

The following table sets out the remuneration paid to the Authority's senior officers. A senior officer is defined as being a statutory chief officer as defined in the LGHA 1989 section 2(6); a non-statutory Chief officer as defined in the LGHA 1989 section 2(7); or someone with responsibility for the management of the Authority, being able to direct or control its major activities, whether solely or collectively.

Job Title		Salary, Fees and Allowance £	Bonuses £	Expenses Allowances £	Compensation for Loss of Office £	Sub-total	Pension Contribution £	Total £
1st April 2014 to 31st March 2015								
Chief Executive	2014/15	99,771	0	963	0	100,734	14,460	**115,194**
Corporate Director	2014/15	77,693	0	963	0	78,656	11,266	**89,922**
Corporate Director	2014/15	77,693	0	963	0	78,656	11,266	**89,922**
Section 151 Officer	2014/15	57,556	0	963	0	58,519	8,346	**66,865**
1st April 2013 to 31st March 2014								
Chief Executive	2013/14	99,771	0	0	0	99,771	14,467	**114,238**
Corporate Director	2013/14	77,307	0	0	0	77,307	11,210	**88,517**
Corporate Director	2013/14	77,307	0	1,747	0	79,054	11,210	**90,264**
Section 151 Officer	2013/14	57,270	0	0	0	57,270	8,304	**65,574**

The number of employees not falling into the category of senior officers shown above whose remuneration, excluding pension contributions was £50,000 or more in bands of £5,000 were:

2013/14 Number of Employees	Remuneration Band	2014/15 Number of Employees
2	£50,000 - £54,999	2
0	£55,000 - £59,999	1
0	£60,000 - £64,999	0
0	£65,000 - £69,999	0
0	£70,000 - £74,999	0
0	£75,000 - £79,999	0

21. Exit Packages

The number of exit packages agreed with the total cost per band and total cost of the compulsory and other are set out in the table below.

	2013/14				2014/15			
Bandings	Compulsory Redundancies Number of Employees	Other Departures Number of Employees	Total Number of Employees	Total Amount £	Compulsory Redundancies Number of Employees	Other Departures Number of Employees	Total Number of Employees	Total Amount £
£0 to £20,000	3	5	8	88,251	8	1	9	68,961
£20,001 to £40,000	1	1	2	61,402	1	0	1	26,045
£40,001 to £60,000	0	0	0	0	0	0	0	0
£60,001 to £80,000	0	0	0	0	0	0	0	0
£80,001 to £100,000	0	0	0	0	0	0	0	0
	4	**6**	**10**	**149,653**	**9**	**1**	**10**	**95,006**

22. Defined Benefit Pension Schemes

Participation in pension schemes

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

The Authority participates in two post- employment schemes:

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

- Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit final arrangement; under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet the pension's liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Transactions relating to post-employment benefits

The Authority recognises 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 post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement	Local Government Pension Scheme 2013/14 £000	Local Government Pension Scheme 2014/15 £000
Cost of Services:		
Current service cost	1,524	1,469
Past Service Costs loss	23	5
Financing and Investment Income and Expenditure:		
Interest cost	3,779	3,681
Expected return on scheme assets	(2,350)	(2,323)
Total post-employment benefit charged to the surplus/deficit on the provision of services	**2,976**	**2,832**
Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement:		
Actuarial gains and (losses)	1,416	(6,171)
Total post-employment benefit (credited) / charged to the Comprehensive Income and Expenditure Statement	**(4,392)**	**3,339**
Movement in Reserves Statement:		
Reversal of net charges made to the surplus/deficit for the provision of services for post-employment benefits in accordance with the code	(2,976)	(2,832)
Actual amount charged against the general fund balance for pensions in the year:		
Employers' contributions payable to scheme	**1,684**	**1,707**

The cumulative amount of actuarial gains and losses recognised in the comprehensive income and expenditure statement to the 31 March 2015 is a loss of £30.548m (£24,377m at 31 March 2014).

Assets and liabilities in relation to post-employment benefits

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

	Funded Liabilities Local Government Pension Scheme 2013/14 £000	Funded Liabilities Local Government Pension Scheme 2014/15 £000
Opening Balance at 1 April	84,647	86,297
Current service cost	1,524	1,469
Interest cost	3,779	3,681
Contributions by scheme participants	432	433
Actuarial (gains) and losses	(886)	11,215
Benefits paid	(2,958)	(2,917)
Unfunded Benefits paid	(264)	(263)
Past service costs	23	5
Closing Balance at 31 March	**86,297**	**99,920**

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

	Local Government Pension Scheme 2013/14 £000	Local Government Pension Scheme 2014/15 £000
Opening balance at 1 April	52,807	54,581
Expected rate of return	2,350	2,323
Actuarial gains	546	5,033
Employers contributions	1,404	1,455
Contributions by scheme participants	432	433
Contributions in respect of Unfunded Benefits	264	263
Benefits paid	(2,958)	(2,917)
Unfunded Benefits paid	(264)	(263)
Closing balance at 31 March	**54,581**	**60,908**

Fair Value of Employer Assets

	31/03/14				31/03/15			
	Quoted Prices in active markets £(000)	**Quoted Prices not in active markets £(000)**	**Total £(000)**	**Percentage of Total Assets**	**Quoted Prices in active markets £(000)**	**Quoted Prices not in active markets £(000)**	**Total £(000)**	**Percentage of Total Assets**
ASSET CATEGORY								
Equity Securities:								
Consumer	3,316.0	0.0	3,316.0	6%	2,618.6	0.0	2,618.6	4%
Manufacturing	3,041.1	0.0	3,041.1	6%	3,230.8	0.0	3,230.8	5%
Energy & Utilities	1,696.6	0.0	1,696.6	3%	1,341.2	0.0	1,341.2	2%
Financial Institutions	3,399.6	0.0	3,399.6	6%	3,917.0	0.0	3,917.0	6%
Health & Care	1,551.1	0.0	1,551.1	3%	2,059.7	0.0	2,059.7	3%
Information Technology	976.2	0.0	976.2	2%	2,069.6	0.0	2,069.6	3%
Other	2,423.5	0.0	2,423.5	4%	3,086.8	0.0	3,086.8	5%
Debt Securities:								
Corporate Bonds (Investment Grade)	2,202.7	0.0	2,202.7	4%	2,562.3	0.0	2,562.3	4%
Corporate Bonds (Non-Investment Grade)	78.3	0.0	78.3	0%	66.2	0.0	66.2	0%
Other	192.6	0.0	192.6	0%	0.0	0.0	0.0	0%
Private Equity:								
All	0.0	3,754.9	3,754.9	7%	0.0	4,005.7	4,005.7	7%

Fair Value of Employer Assets (cont'd)

	31/03/14				31/03/15			
	Quoted Prices in active markets £(000)	**Quoted Prices not in active markets £(000)**	**Total £(000)**	**Percentage of Total Assets**	**Quoted Prices in active markets £(000)**	**Quoted Prices not in active markets £(000)**	**Total £(000)**	**Percentage of Total Assets**
Real Estate:								
UK Property	0.0	5,438.9	5,438.9	10%	0.0	6,469.2	6,469.2	11%
Overseas Property	0.0	809.4	809.4	1%	0.0	742.6	742.6	1%
Investment Funds & Unit Trusts:								
Equities	15,786.2	0.0	15,786.2	29%	24,515.0	0.0	24,515.0	40%
Bonds	8,490.0	0.0	8,490.0	16%	2,522.4	0.0	2,522.4	4%
Derivatives:								
Foreign Exchange	0.0	0.0	0.0	0%	53.9	0.0	53.9	0%
Other	23.7	0.0	23.7	0%	21.7	0.0	21.7	0%
Cash & Cash Equivalents								
All	0.0	1,399.7	1,399.7	3%	0.0	1,625.3	1,625.3	3%
TOTALS	**43,178**	**11,403**	**54,581**	**100%**	**48,065**	**12,843**	**60,908**	**100%**

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.

	2015	2014	2013	2012	2011
	£000	£000	£000	£000	£000
Present Value of Liabilities:					
Local Government Pension Scheme	(95,208)	(81,765)	(80,213)	(69,675)	(63,553)
Unfunded obligations	(4,712)	(4,532)	(4,434)	(4,255)	(4,003)
Fair value of assets in the LGPS	60,908	54,581	52,807	47,536	48,035
(Deficit) in the scheme:					
Local Government Pension Scheme	(39,012)	(31,716)	(31,840)	(26,394)	(19,521)
Total	**(39,012)**	**(31,716)**	**(31,840)**	**(26,394)**	**(19,521)**

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £39.01m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31 March 2016 is £1.5m.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 1 April 2013.

In relation to the Commutation Adjustment, 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.
The principal assumptions used by the actuary have been:

	Local Government Pension Scheme 2013/14	Local Government Pension Scheme 2014/15
Long-term expected rate of return on assets in the scheme:		
Equity investments	4.3%	3.2%
Bonds	4.3%	3.2%
Property	4.3%	3.2%
Cash	4.3%	3.2%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	22.1	22.1
Women	24.3	24.3
Longevity at 65 for future pensioners:		
Men	24.5	24.5
Women	26.9	26.9
Pension Increase Rate (CPI)	2.8%	2.4%
Rate of increase in salaries	3.6%	3.3%
Expected Return on Assets	4.3%	3.2%
Rate of discounting scheme liabilities	4.3%	3.2%

The Discretionary Benefits arrangements have no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31 March 2014 %	31 March 2015 %
Equities	66	77
Bonds	20	8
Property	11	12
Cash	3	3
	100	**100**

History of experience gains and losses

The actuarial losses identified as movements on the Pensions Reserve in 2014/15 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2015;

	2015	2014	2013	2012	2011
	%	%	%	%	%
Difference between the expected and actual return on assets	8.3	1.0	7.0	(5.7)	(2.8)
Experience gains and losses on liabilities	0.4	0.6	(0.0)	1.5	(12.4)

23. Events after the Balance Sheet Date

Events taking place after the accounts are finally signed off are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There have been no unadjusted events after the balance sheet date.

24. 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 Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority 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

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 of 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 16 on amounts reported to decision makers. Grant receipts outstanding at 31 March 2015 are shown in note 38.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2014/15 is shown in note 19. During 2014/15 works and services to the value of £407,681 were commissioned from companies in which 17 members had an interest (£792,099 and 17 in 2013/14). The Authority paid grants totalling £52,905 to voluntary organisations (£118,053 in 2013/14) in which eight members had declared an interest. In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at the Council Offices during office hours.

25. Leases

Authority as Lessee

Finance Leases

The Authority has determined that the contracts with Kier Services - Environmental for waste collection and related services, and with the Borough Council of King's Lynn and West Norfolk for car parks management, contain embedded finance leases in respect of the vehicles and equipment used on the contracts. A deferred liability has been set up for the estimated lease rental charges included in the contract payments made to the contractors, and the assets are recognised on the balance sheet at net book value.

The vehicles subject to the lease are carried as property, plant and equipment in the balance sheet at the following net amounts:

	31 March 2014 £000	31 March 2015 £000
Property, Plant and Equipment	1,462	1,147
	1,462	**1,147**

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the acquisition of the vehicles and finance costs which will be payable in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31 March 2014 £000	31 March 2015 £000
Finance Lease Liabilities (Net present value of minimum lease payments):		
- Current	305	330
- Non current	1,328	998
Finance costs payable in future years	338	223
Minimum Lease Payments	**1,971**	**1,551**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2014	31 March 2015	31 March 2014	31 March 2015
	£000	£000	£000	£000
Not later than one year	421	421	306	330
Later than one year and not later than five years	1,550	1,130	1,328	998
	1,971	**1,551**	**1,634**	**1,328**

Operating Leases

The Authority leases property, land, vehicles and items of equipment, including printing and telephony equipment, as part of a number of operating leases. The future minimum lease payments due under non-cancellable leases in future years are:

	31 March 2014	31 March 2015
	£000	£000
Not later than one year	58	60
Later than one year and not later than five years	210	162
Later than five years	101	9
	369	**231**

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

	31 March 2014	31 March 2015
	£000	£000
Minimum Lease Payments	122	74
Contingent Rents	28	25
	150	**99**

Authority as Lessor

Operating Leases

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

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses

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

	31 March 2014 £000	31 March 2015 £000
Not later than one year	(71)	(154)
Later than one year and not later than five years	(144)	(459)
Later than five years	(51)	(474)
	(266)	**(1,087)**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

26. Investment Properties

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

	2013/14 £000	2014/15 £000
Rental income from investment property	8	0
Direct operating expenses arising from investment property	(21)	(26)
Net gain/(loss)	**(13)**	**(26)**

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

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

	2013/14 £000	2014/15 £000
Opening Balance	270	260
Additions:		
Net gains/losses from fair value adjustments	(10)	(5)
Transfers:		
Closing Balance	**260**	**255**

There have been no additions in the year and the net loss is due to a fair value adjustment.

27. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. Intangible assets would include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to software currently used by the Authority are identified below, with the most significant being shown separately:

	Internally Generated Assets	Other Assets
5 years	None	Choice Based Letting, Other Software

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £143,269 charged to revenue in 2014/15 (£150,584 in 2013/14) was charged to the following lines within the income statement; Central Services to the Public (£77,668), Environmental Services (£6,317), Planning Services (£32,524) and Housing Services (£26,760).

The movement on intangible asset balances during the year is as follows:

	2013/14			2014/15		
	Internally Generated Assets	**Other Assets**	**Total**	**Internally Generated Assets**	**Other Assets**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Opening Balance:						
Gross carrying amounts	0	1,170	1,170	0	1,215	1,215
Accumulated amortisation	0	(772)	(772)	0	(923)	(923)
Net carrying amount at start of year	**0**	**398**	**398**	**0**	**292**	**292**
Additions:						
- Purchases	0	46	46	0	57	57
Amortisation for the period	0	(150)	(150)	0	(143)	(143)
Closing Balance	**0**	**294**	**294**	**0**	**206**	**206**

There is only one item of capitalised software that is individually material to the financial statements.

	Carrying Amount		Remaining
	31 March 2014 Restated £000	31 March 2015 £000	Amortisation Period
Housing Choice Based Lettings System	54	27	1 year

During 2014/15 the Authority entered into 2 new contracts for the purchase of software. The first of these was the purchase of Website Integration Software which was completed within the year. The second was in respect of the commencement of the Probass 4 scheme which is due for completion in 2015/16.

28. Impairment Losses

During 2014/15 the Authority has recognised total impairment losses of £619,872 (2013/14 - 188,167).

An impairment loss of £6,000 has been recognised in relation to the loss of land at Beach Road Car Park, Happisburgh. This impairment loss has been taken to the Highways, Roads and Transport line within the Comprehensive Income and Expenditure Statement.

Two properties on Cromer Pier have also been impaired as a result of works undertaken following the tidal surge in December 2013; the Tides Restaurant has been impaired by £160,877, and the Booking Office and Footprints Café by £206,336. In both instances the impairment loss has been included within the Cultural and Related Services line of the Income and Expenditure Statement.

In addition to this there have been three further impairments in relation to assets situated along the coastline, which arose as a result of works required to be undertaken following the tidal surge. The West Prom Café in Sheringham has been impaired by £95,558 with the loss being taken to the Cultural and Relates Services line of the Income and Expenditure Statement. The two remaining assets are the chalets and beach hut sites in both Cromer and Sheringham, which have been impaired by £118,866 and £32,235 respectively. In both instances the losses have been reversed out of the Revaluation Reserves which existed in relation to these assets, and as such they do not impact on the Comprehensive Income and Expenditure Statement. This reserve reflects the gains in value in relation to the Authority's assets which will have occurred in previous years.

28a. Tidal Surge

Tidal Surge of 5th and 6th December 2013. This event had a significant impact upon the Council's property and Coastal Assets. The table below shows the levels of expenditure on these assets and the associated funding within the year. Further costs will be incurred in 2015/16.

	Capital 2013/14 £	Capital 2014/15 £
Expenditure:		
NNDC Property Assets	146,876	714,584
Coastal Assets	698,382	153,723
Sub Total	**845,258**	**868,307**
External Funding:		
Grants (Environment Agency)	(698,382)	(153,723)
Insurance Claims	(146,876)	(604,681)
	(845,258)	**(758,404)**
Net Impact to NNDC	**0**	**109,903**
NNDC Funding:		
NNDC Reserves	0	(28,000)
Capital Receipts	0	(81,903)
	0	**(109,903)**

29. Property, Plant and Equipment

Movement on Balances

Movement in 2014/15:

	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation:							
At 1 April 2014	44,230	11,223	11,554	350	2,058	3,317	72,732
Additions	876	484	2,337	142	3	693	4,535
Revaluation increases/(decreases) recognised in the revaluation reserve	726	0	0	0	0	0	726
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(460)	0	0	0	0	0	(460)
Derecognition - disposals	0	(148)	0	0	0	0	(148)
Other movements in cost or valuation	97	145	0	1,522	0	(1,764)	0
At 31 March 2015	**45,469**	**11,704**	**13,892**	**2,014**	**2,061**	**2,246**	**77,385**

Movement in 2014/15:

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property Plant and Equipment £000
Accumulated Depreciation and Impairment:							
At 1 April 2014	8,470	7,424	8,476	20	1,095	0	25,485
Depreciation charge	611	800	470	3	0	0	1,884
Depreciation written out to the surplus/deficit on the provision of services	(314)	0	0	0	0	0	(314)
Impairment losses/(reversals) recognised in the revaluation reserve	151	0	0	0	0	0	151
Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services	116	0	0	0	0	0	116
Derecognition - disposal	0	(148)	0	0	0	0	(148)
At 31 March 2015	**9,034**	**8,076**	**8,946**	**23**	**1,095**	**0**	**27,174**
Net Book Value							
At 31 March 2015	**36,435**	**3,628**	**4,945**	**1,991**	**966**	**2,246**	**50,211**
At 31 March 2014	**35,760**	**3,799**	**3,078**	**329**	**963**	**3,317**	**47,246**

Comparative Movements in 2013/14:

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property Plant and Equipment £000
Cost or Valuation:							
At 1 April 2013	44,920	11,086	10,182	468	3,402	1,800	71,858
Additions	377	161	1,372	0	12	1,811	3,733
Revaluation increases/(decreases) recognised in the revaluation reserve	1,457	0	0	44	5	0	1,506
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(2,477)	0	0	(157)	(1,361)	0	(3,995)
Derecognition - disposals	(309)	(56)	0	(5)	0	0	(370)
Other movements in cost or valuation	262	32	0	0	0	(294)	0
At 31 March 2014	**44,230**	**11,223**	**11,554**	**350**	**2,058**	**3,317**	**72,732**

Comparative Movements in 2013/14:

	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Accumulated Depreciation and Impairment:							
At 1 April 2013	11,118	6,690	7,995	18	2,398	0	28,219
Depreciation charge	750	768	481	3	0	0	2,002
Depreciation written out to the surplus/deficit on the provision of services	(1,119)	0	0	0	(1,303)	0	(2,422)
Impairment losses/(reversals) recognised in the revaluation reserve	71	0	0	0	0	0	71
Impairment losses/(reversals) recognised in the surplus/deficit on the provision of services	(2,216)	0	0	0	0	0	(2,216)
Derecognition - disposal	(134)	(34)	0	0	0	0	(168)
At 31 March 2014	**8,470**	**7,424**	**8,476**	**21**	**1,095**	**0**	**25,486**
Net Book Value							
At 31 March 2014	**35,760**	**3,799**	**3,078**	**329**	**963**	**3,317**	**47,246**
At 31 March 2013	**33,802**	**4,396**	**2,187**	**450**	**1,004**	**1,800**	**43,639**

Capital Commitments

As at 31 March 2015, the Authority has entered into several contracts for the construction or enhancement of Property, Plant and Equipment in 2014/15 and future years, budgeted to cost £5,028,301 in total. The major commitments relate to the following Schemes:

	2013/14	2014/15
Cromer Pier Major Refurbishment Works	41,706	0
Cromer 982 Coastal Protection Scheme	2,730,326	1,034,416
Tidal Surge Emergency Works	400,623	0
Sheringham West Coast Protection Scheme	0	309,539
Sheringham Gangway (FLAG)	0	67,827
	3,172,655	**1,411,782**

Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. During the intervening years reviews are conducted to ensure the carrying value of assets are not materially different from their fair values. Impairment reviews are also undertaken on the portfolio on an annual basis to ensure that the carrying value of assets is not overstated. For the 2014/15 accounts the valuations have been carried out by the Authority's own internal valuer. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant and equipment are based on current prices where there is an active second hand market or latest list prices adjusted for the condition of the asset. Further details regarding the valuations are provided within the Statement of Accounting Policies which starts on page 16.

	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	0	11,704	13,891	2,014	0	2,246	**29,855**
<u>Valued at fair value as at:</u>							
31 March 2015	2,958	0	0	0	(514)	0	**2,444**
31 March 2014	31,013	0	0	0	957	0	**31,970**
31 March 2013	2,435	0	0	0	(1,352)	0	**1,083**
31 March 2012	7,493	0	0	0	543	0	**8,036**
31 March 2011	1,570	0	0	0	2,427	0	**3,997**
Total Cost or Valuation	**45,469**	**11,704**	**13,891**	**2,014**	**2,061**	**2,246**	**77,385**

30. Capital Expenditure and Capital Financing

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

	2013/14 £000	2014/15 £000
Opening Capital Financing Requirement	1,959	1,679
Capital Investment:		
Property, plant and equipment	3,540	4,535
Intangible assets	46	57
Revenue expenditure funded from capital under statute	645	237
Sources of finance:		
Capital receipts	(1,382)	(1,125)
Government grants and other contributions	(2,247)	(3,335)
Sums set aside from revenue:		
- direct revenue contributions	(600)	(368)
- MRP	(282)	(306)
Closing Capital Financing Requirement	**1,679**	**1,374**
Explanations of movements in year		
Assets acquired under finance leases	(282)	(306)
(Decrease) in Capital Financing Requirement	**(282)**	**(306)**

The 2013/14 Opening Capital Financing Requirement has been restated to reflect grant actually used in 2012/13.

31. Assets Held for Sale

There are no assets classified as Held for Sale (2013/14 £Nil)

32. Inventories

	Consumable Stores		Maintenance Materials		Total	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
	£000	£000	£000	£000	£000	£000
Balance outstanding at start of year	39	11	28	15	67	26
Purchases	40	49	9	11	49	60
Recognised as expenses in the year	(68)	(47)	(22)	(2)	(90)	(49)
Balance outstanding at year-end	**11**	**13**	**15**	**24**	**26**	**37**

33. Receivables

Receivables represent the amounts owed to the Authority at 31 March 2015 and are analysed below. The Authority makes an allowance for outstanding amounts for which recovery of receivables is not anticipated (bad debt provision). Receivables are shown net of the bad debt provision within the Balance Sheet. The movement on Central Government bodies relates to the balance of Department of Works and Pensions (DWP) Benefits Subsidy due to/(from) the authority as a result of the final subsidy claim and a number of capital contributions from the Environment Agency.

	31 March 2014	31 March 2015
	£000	£000
Central government bodies	1,752	7,642
Other local authorities	356	351
Other entities and individuals	3,035	2,238
Sub Total	**5,143**	**10,231**
Less: Bad Debt Provision		
General Fund	(792)	(834)
Collection Fund	(173)	(161)
Sub Total	**(965)**	**(995)**
Total	**4,178**	**9,236**

34. Payables

Payables represent the amounts owed by the Authority at 31 March 2015.

	31 March 2014 £000	31 March 2015 £000
Central government bodies	(3,701)	(1,072)
Other local authorities	(1,064)	(1,739)
Public corporations and trading funds	(3)	(3)
Other entities and individuals	(3,677)	(5,820)
Sub Total	**(8,445)**	**(8,634)**
Less: Receipts in Advance		
Central government bodies	607	508
Public Corporations and Trading Funds	4	4
Sub Total	**611**	**512**
Total	**(7,834)**	**(8,122)**

35. Provisions

The Authority has no outstanding legal cases in progress or other potential liabilities that require provisions to be made.

36. Contingent Liabilities

At 31 March 2015, the Authority had the following material contingent liabilities:

(a) **Housing Stock Transfer** - As part of the legal agreements associated with the transfer of the housing stock to the Victory Housing Trust in 2006/07, the Authority provided a number of environmental and non-environmental warranties, guarantees and indemnities to the Trust, its Lenders and the Norfolk Pension Fund.

The risks associated with these warranties and indemnities have been assessed following professional advice and where felt appropriate the Authority has, or is making, arrangements to transfer some of the potential risks. Specifically, insurance has been arranged in respect of the environmental warranties and the Trust has provided a bond with an initial sum of £1.2 million in favour of the Authority with regard to any liabilities to the Norfolk Pension Fund in the event of the insolvency, winding up and liquidation of the Trust. In May 2015 the actuary's total value of the indemnity required to meet the deficit with a certainty of 80% to 85% was estimated at £1,983,000 (£620,000 for 2013/14). A bond of £5,043,000 (£2,533,000 for 2013/14), would be required to be 98% certain of meeting any deficit arising.

To the extent that claims have to be met some time in the future beyond those covered by the environmental warranty insurance and the pension bond, the Authority discloses a contingent liability. An earmarked reserve of £435,000 is held to mitigate such claims.

(b) **NNDR Appeals** – Note 7 to the Collection Fund details the provision made for appeals. It is not possible to quantify the number and value of appeals that have not yet been lodged with the Valuation Office with any certainty, so there is a risk to the Council that national and local appeals may have a future impact on the accounts. The Council maintains an earmarked reserve to mitigate any adverse impact.

(c) **Tidal Surge** – Expenditure on recovering from the December 2013 tidal surge continued during 2014/15 for which some of the costs have been claimed under insurance. Any shortfall in recovering costs will be met from the general reserve.

(d) **Benefits** - There is a risk of potential claw back from the Department of Works and Pensions following the final audit and sign off the year end subsidy claim. To mitigate the impact of any claw back there is an earmarked reserve for which the balance stood at £721,792 at 31 March 2015.

(e) **Land Charges -** Local authorities nationally have been subject to a legal challenge by personal search companies in respect of an element of land charges fee income paid to authorities going back to 2001. The personal search companies’ claim is based on the position that they could access for free certain information for which to date they have been charged, by means of the Environmental Information Regulations. Local authorities are awaiting clarification on this point. The Council has carried out no formal calculations in respect of this potential liability to date.

37. Contingent Assets

In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets the Authority has identified the following contingent assets:

(a) **VAT Sharing Agreement** - As part of the transfer of the housing stock in 2006, the Authority entered a VAT sharing agreement with Victory Housing Trust. Under this agreement the Authority receives a 50% share of the recoverable VAT on qualifying works that would have been recoverable had the Council retained the assets. During the year £670,109 was received (£490,862 in 2013/14).

38. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure accounts in 2014/15.

	2013/14	2014/15
Credited to Taxation and Non Specific Grant Income	**£000**	**£000**
Revenue Support Grant	4,235	3,354
Relief for Flooded Properties	0	47
Business Rates	3,271	3,570
Business Rates Efficiency & Transformation	0	15
New Homes Bonus	729	1,277
Community Right to Challenge/ Community Right to Bid	16	16
Council Tax Freeze Funding	58	58
Council Tax Rural Services Delivery Grant	0	12
Local Council Tax Support Transitional Funding	23	0
Efficiency Support Sparse Area	44	0
Capital Grants and Contributions	2,247	3,335
Council Tax Support New Burdens	58	76
Severe Weather Recovery	144	0
Other	7	0
Total	**10,832**	**11,760**
Credited to Services		
DWP - Rent Allowances	28,187	27,741
DWP - Admin Subsidy	663	584
	28,850	**28,325**
Arts Council England	20	22
Cabinet Office	22	77
Dept. for Environment, Food & Rural Affairs (DEFRA)	12	437
Dept. for Communities and Local Govt (DCLG)	555	510
Forestry Commission	0	9
Marine Management Organisation	0	33
Norfolk County Council	1,208	1,207
Sport England	0	56
S106 Contributions	51	0
Other Grants & Contributions	135	100
Total	**30,853**	**30,776**
Total Revenue Grants Received	**41,685**	**42,536**

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

	31 March 2014 restated	31 March 2015
	£000	**£000**
Capital Grants Receipts in Advance		
Pathfinder	299	284
Travellers Site	260	225
Coastal Erosion Grant	48	0
Developers Contributions	3	3
Total	**610**	**512**

39. Financial Instruments

Categories of Financial Instruments

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

	Long Term 31 March 2014 £000	Current 31 March 2014 £000	Long Term 31 March 2015 £000	Current 31 March 2015 £000
Investments				
Loans and receivables	0	6,032	0	0
Available-for-sale investments	5,412	74	10,904	4,364
Total Investments	**5,412**	**6,106**	**10,904**	**4,364**
Cash and Cash Equivalents:				
Loans and receivables	0	3,008	0	0
Available-for-sale investments	0	7,046	0	5,036
Total Cash and Cash Equivalents	**0**	**10,054**	**0**	**5,036**
Debtors				
Loans and receivables	23	0	38	1
Financial assets carried at contract amount	0	2,571	0	1,360
Total Debtors	**23**	**2,571**	**38**	**1,361**
Borrowing	0	0	0	0
Other Long-term Liabilities				
Finance lease liabilities	1,328	306	998	330
Total Other Long-term Liabilities	**1,328**	**306**	**998**	**330**
Creditors				
Financial liabilities carried at contract amount	0	2,973	0	2,812
Total Creditors	**0**	**2,973**	**0**	**2,812**
Total Financial Instruments	**6,763**	**22,010**	**11,940**	**13,903**

Investments which can be repaid on the balance sheet date – i.e. money market funds and call accounts, are classified as cash and cash equivalents. The current financial liabilities (£2,811,561) together with the finance lease liabilities (£330,184) total £3,141,745. Note 34 shows total payables of £8,633,808. The difference between these two figures represents liabilities which are non-contractual or statutory in nature and therefore not financial instruments.

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Authority has a legally enforceable right to set off and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The table below shows those instruments that have been offset on the balance sheet. The Authority had no other financial assets or liabilities subject to an enforceable master netting arrangement or similar agreement.

	2013/14			2014/15		
	Assets	Liabilities	Net position on Balance Sheet	Assets	Liabilities	Net position on Balance Sheet
	£000	£000	£000	£000	£000	£000
Financial Assets						
- Bank accounts in hand	2,861	(2,861)	0	2,214	(2,214)	0
Financial Liabilities						
- Bank overdrafts	2,861	(3,323)	(462)	2,214	(2,651)	(437)

Income, Expense, Gains and Losses

	2013/14 Financial Liabilities	**2013/14 Financial Assets**			**2014/15 Financial Liabilities**	**2014/15 Financial Assets**		
	Finance Leases	**Loans and Receivables**	**Available for sale Investments**	**Total**	**Finance Leases**	**Loans and Receivables**	**Available for sale Investments**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Interest income/expense included in surplus/deficit on the provision of services	139	92	263	**355**	115	49	366	**415**
Gains on revaluation	0	0	439	**439**	0	0	688	**688**
Net gain/(loss) for the year	**139**	**92**	**702**	**794**	**115**	**49**	**1,054**	**1,103**

Fair values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables and long-term receivables and payables are carried in the balance sheet at amortised cost. Their carrying values are all equal to their fair value. The fair value is defined as the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm’s length transaction.

The Authority’s loans and receivables consist of term deposits with banks and building societies. Where the maturity dates of these investments are within 12 months of the balance sheet date, the carrying amount is assumed to approximate to fair value. The contract terms under which a term deposit is made do not permit premature repayment.

The Available-for-sale financial assets are investments in money market funds and other collective investment schemes (a pooled property fund), certificates of deposit and covered bonds. The fair value of the pooled property fund and the covered bonds has been determined by reference to quoted market prices at 31 March 2015. Money market funds and certificates of deposit are short-term instruments and their fair value is assumed to approximate to their carrying amount.

No early repayment or impairment is recognised for any financial instrument.

The fair value of trade receivables and payables is taken to be the invoiced amount.

40. Nature and Extent of Risks arising from Financial Instruments

The Authority’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 Authority
- liquidity risk - the possibility that the Authority 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 of changes in such measures as interest rates, market process etc.

The Authority has adopted ***CIPFA's Code of Practice on Treasury Management*** and complies with The Prudential Code for Capital Finance in Local Authorities.

To comply with the Treasury Management Code, the Authority approves a Treasury Management Strategy before the commencement of each financial year which sets out the parameters for the management of risks associated with Financial Instruments. The Authority also produces Treasury Management Practices specifying the practical arrangements to be followed to manage those risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with Central Government's Investment Guidance to Local Authorities. The guidance defines a prudent investment policy as having the two objectives of security (protecting the capital sum from loss) and then liquidity (keeping adequate funds readily available for expenditure when needed). Once proper levels of security and liquidity have been achieved, consideration is given to seeking the highest rate of return consistent with those priorities.

Credit Risk

The Authority manages this risk by ensuring that investments are placed with counterparties which have a high credit rating and for the maximum periods and amounts set out in the Treasury Management Strategy, Practices and Schedules.

The security and liquidity of the funds invested are the primary objective of the Authority's treasury management activities. The Authority selects countries and the institutions within them as suitable counterparties for investment after analysis and careful monitoring of the credit ratings of all three rating agencies and a range of economic indicators and financial information are taken into account.

The credit quality of £4.5m of the Authority's investments is enhanced by collateral held. These investments are in the form of covered bonds collateralised by UK residential mortgages. The collateral significantly reduces the likelihood of the Council suffering loss on these investments.

The table below shows the credit criteria exposures of the Authority's investment portfolio by credit rating.

Credit Rating	Long Term 31/03/2014 £000s	Short Term 31/03/2014 £000s	Long Term 31/03/2015 £000s	Short Term 31/03/2015 £000s
AAA	0	7,046	4,871	5,036
AA+	0	0	0	0
AA	0	0	0	0
AA-	0	1,500	0	3,015
A+	0	0	0	0
A	0	7,540	0	1,251
A-	0	0	0	0
Unrated Pooled Fund	5,486	0	6,132	0
Total Investments	**5,486**	**16,086**	**11,003**	**9,302**

The Authority has no historical experience of counterparty default and the Authority does not anticipate any losses from default in relation to any of its current investments. No credit limits were exceeded in the financial year.

None of the above were identified as past due or impaired during the year.

In addition to treasury investments, the Authority is exposed to credit risk from its customers. However the Authority has put in place appropriate debt recovery procedures to manage this risk and minimise any loss.

The age analysis of trade receivables which are past due date but are not impaired is shown below.

	31 March 2013 £000	31 March 2014 £000
Less than three months	15	256
Three months to one year	47	66
More than one year	2	41
	64	**363**

A bad debt provision of £18,268 has been made against debts which are more than one year old. The factors the Authority consider in determining if a trade debt is impaired include the age of the debt; the default history of the debtor; the proportion of the original debt which is still outstanding and the recovery stage of the debt. The Authority's maximum exposure to trade debts is £698,547. Of the debts which are passed their due date (and not impaired) £255,936 is less than three months old, £66,417 is between three months and one year and £41,239 is more than one year, as per the table above. The aged debt note relates to trade receivables only and it is not possible to determine the credit quality of the debtor.

Liquidity risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to short-term borrowing should this be required, and there is no significant risk that it will be unable to raise funds to meet its commitments. The Authority does not have any long-term debt and therefore does not have any maturing liabilities for which funds would be required.

Market risk

Interest rate risk

The Authority is exposed to risks arising from the movements in interest rates. If interest rates had been lower, there would be a reduction in the amount of interest credited to the Comprehensive Income and Expenditure Statement. The impact of a reduction in interest rates would be delayed as term deposits are fixed for a period of time, and it is not until the investment matures that the lower rate would impact on the Authority's investment return. If the overall rate of return on investments had been 0.25% lower than the rate actually achieved in 2013/14, there would have been a reduction of £51,700 in investment income, based on the average balance available for investment during the year.

The sensitivity to interest rate movements is assessed as part of the budget setting process, and interest rates movements and the resulting impact is monitored throughout the year as part of routine budget monitoring, and this assumes that all other terms of the investments remain unchanged. The figure of 0.25% reduction has been used because interest rates are historically low and anticipated to remain low and unlikely to change by more than this figure.

Price risk

The investment in the pooled property fund exposes the Authority to the risk of changes in the price of the fund units. As they are classified as available-for-sale financial assets, all gains and losses will be recognised in the Comprehensive Income and Expenditure Statement. For example, if the price of the units held by the Authority at the year-end reduced by 1%, there would be a loss in fair value of £60,553.

Foreign Exchange Risk

The Authority has no financial assets or liabilities denominated in foreign currencies and therefore there is no exposure to loss arising from movements in exchange rates.

COLLECTION FUND FOR THE YEAR ENDED 31 MARCH 2015

2013/14 £000	COLLECTION FUND	Notes	2014/15 Council Tax £000	Business Rates £000	Total £000
	INCOME				
(56,791)	Council Tax	(4 & 5)	(57,901)	0	(57,901)
(24,185)	Business Rates	(2)	0	(23,288)	(23,288)
(80,976)			(57,901)	(23,288)	(81,189)
	EXPENDITURE				
	Precepts:	(3)			
6,513	- North Norfolk District Council (including Parish Councils)		6,742	0	6,742
41,693	- Norfolk County Council		42,103	0	42,103
7,311	- Office of the Police & Crime Commissioner for Norfolk		7,528	0	7,528
	Business Rate Shares:	(6)			
11,738	- Central Government		0	12,155	12,155
9,410	- North Norfolk District Council (including Renewable Energy Retained)		0	9,928	9,928
2,348	- Norfolk County Council		0	2,431	2,431
	Charges to the Collection Fund:				
230	- Cost of Collection		0	233	233
(52)	- Increase / (Decrease) in Provision for Bad & Doubtful Debts	(7)	2	(34)	(32)
273	- Write Offs of Uncollectable Amounts		134	83	217
450	- Increase / (Decrease) in Provision for Appeals	(7)	0	387	387
	Apportionment of Previous Year Deficit / (Surplus)	(3)			
0	- Central Government		0	1	1
26	- North Norfolk District Council		99	1	100
171	- Norfolk County Council		651	0	651
29	- Office of the Police & Crime Commissioner for Norfolk		114	0	114
80,140			57,373	25,185	82,558
(836)	(Surplus)/Deficit for the year		(528)	1,897	1,369
	COLLECTION FUND BALANCE	(6)			
(306)	Balance brought forward at 1 April		(1,143)	1	(1,142)
(836)	(Surplus)/Deficit for the year (as above)		(528)	1,897	1,369
(1,142)	Balance carried forward at 31 March		(1,671)	1,898	227

1. General

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to local government bodies and central government. The Collection Fund is consolidated with the other accounts of the billing authority for Balance Sheet purposes.

2. Income from Business Ratepayers

The Council collects NNDR from ratepayers based on local rateable values provided by the Valuation Office Agency, multiplied by a uniform business rate in the £ set nationally by Central Government. The total rateable value for the District was £65,360,645 on 31 March 2015 (£65,488,294 on 31 March 2014). The national multipliers for 2014/15 were 47.1p for qualifying Small Businesses (46.2p in 2013/14), and the standard multiplier was set at 48.2 for all other businesses (47.1p in 2013/14).

The total income from business rate payers was £23,288,082 (£24,184,512 in 2013/14) and this sum includes £54,202 of transitional protection payments from Central Government. The transitional relief scheme provides protection to ratepayers from large changes in their bills following revaluations of their business, by phasing in changes gradually. This could mean that a billing authority may collect more or less rates than would otherwise be the case, and Government Regulations make provision for adjusting payments to be made to or from billing authorities.

3. Precepts and Demands

The authorities that made a precept or demand on the Collection Fund are:

Net Payment 2013/14 £000		Precept / Demand £000	Collection Fund Surplus £000	Net Payment 2014/15 £000
6,539	North Norfolk District Council (including Parish Precepts)	6,742	99	6,841
41,864	Norfolk County Council	42,103	651	42,754
7,340	Office of the Police & Crime Commissioner for Norfolk	7,528	114	7,642
55,743	**Total**	**56,373**	**864**	**57,237**

4. The Council Tax Base for 2014/15 is as follows:

Therefore each £1 of Council Tax set was calculated to produce income of £36,769 (£36,411 in 2013/14).

Valuation Band	Number of Chargeable Dwellings adjusted for Discounts		Equivalent Number of Band D Dwellings		Adjusted Equivalent Number of Band D Dwellings	
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15
A	6,685	6,753	4,454	4,500	4,365	4,410
B	9,999	10,147	7,777	7,892	7,621	7,734
C	9,094	9,264	8,083	8,235	7,921	8,070
D	7,359	7,400	7,358	7,400	7,210	7,251
E	4,106	4,108	5,019	5,021	4,919	4,921
F	1,947	1,955	2,813	2,824	2,757	2,768
G	903	903	1,506	1,505	1,476	1,475
H	72	71	144	142	142	140
Total Tax Base	**40,165**	**40,601**	**37,154**	**37,519**	**36,411**	**36,769**

5. Band D Tax Rate

This Authority set a Council Tax of £1,488.69 for a band D dwelling, (£1,484.73 in 2013/14), which consisted of £1,145.07 (£1,145.07 in 2013/14) for Norfolk County Council, £204.75 (£200.79 in 2013/14) for the Office of the Police & Crime Commissioner for Norfolk and £138.87 (£138.87 in 2013/14) for the District's requirements. Sums ranging from nil to £89.45 (nil to £88.97 in 2013/14) were charged in addition for parish and town council requirements.

The calculation of the District’s Council Tax is made by dividing its demand on the Collection Fund by the equivalent number of Band D dwellings in the area (the Tax Base). An adjustment is made to the Tax Base to take into account the anticipated non-collection of amounts due.

Discounts are given for empty and other properties, in respect of students, disabled people, single occupiers and those in receipt of support under the Local Council Tax Support Scheme. Since 2004/05 the Authority has implemented the provisions of the Local Government Act 2003 and exercised its discretionary powers to reduce or eliminate discounts on certain empty properties and second homes. Further reforms in the Local Government Finance Act 2012 gave the Authority new flexibilities to vary council tax on second homes and empty dwellings, and to apply a premium on empty properties.

6. Balances

The balance on the Collection Fund represents a surplus from Council Tax and a deficit from Business Rate transactions. The Council Tax surplus is shared between Norfolk County Council, the Office of the Police & Crime Commissioner for Norfolk and North Norfolk District Council in proportion to their respective precepts.

The deficit on Business Rate transactions results from changes in the year against initial estimates. Gross rates payable were lower than anticipated, mandatory reliefs were greater and the amount required to provide for appeals against rateable values was higher than anticipated. The deficit is shared in accordance with the proportionate shares of 50% for Central Government, 10% for Norfolk County Council and 40% for North Norfolk District Council.

The total balance is attributed as follows:

31 March 2014 Total	Share of Balance	31 March 2015 Council Tax	31 March 2015 Business Rates	31 March 2015 Total
£		£	£	£
(133,789)	North Norfolk District Council	(199,814)	759,194	559,380
(858,429)	Norfolk County Council	(1,247,819)	189,798	(1,058,021)
(150,541)	Office of the Police & Crime Commissioner for Norfolk	(223,123)	0	(223,123)
412	Central Government	0	948,992	948,992
(1,142,347)	**Total**	**(1,670,756)**	**1,897,984**	**227,228**

7. Bad Debt Provision and Appeals Accounting Policy

The Collection Fund account provides for bad debts on arrears based on historical experience of non-payment and the age of debt.

Authorities are expected to finance the cost of appeals made against rateable values and are required to make provision for these amounts. Successful appeals in 2014/15 have been charged to this provision, and an additional £387,182 has been charged to the Collection Fund to ensure that there is an adequate provision to meet appeals not settled as at 31 March 2015.

Independent auditors' report to the Members of North Norfolk District Council (the "Authority")

Report on the financial statements

Our opinion

In our opinion, North Norfolk District Council's financial statements (the "financial statements"):

- give a true and fair view of the state of the Authority's affairs as at 31 March 2015 and of the Authority's income and expenditure and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15.

What we have audited

The financial statements comprise:

- the Balance Sheet as at 31 March 2015;
- the Comprehensive Income and Expenditure Statement for the year then ended;
- the Movement in Reserves Statement for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Collection Fund for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 supported by the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15.

In applying the financial reporting framework, the Chief Finance Officer has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Code of Audit Practice

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

Other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Code of Audit Practice issued by the Audit Commission requires us to report to you if:

- in our opinion, the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012) or is misleading or inconsistent with information of which we are aware from our audit; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998; or
- we make any recommendations under section 11 of the Audit Commission Act 1998 that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Chief Finance Officer

As explained more fully in the Statement of Responsibilities set out on page 9 the Chief Finance Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the CIPFA Service Reporting Code of Practice for Local Authorities 2014/15.

Our responsibility is to audit and express an opinion on the financial statements in accordance with Part II of the Audit Commission Act 1998, the Code of Audit Practice 2010 – Local Government Bodies issued by the Audit Commission and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Authority's members as a body in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies – Local Government, published by the Audit Commission in March 2010. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Chief Finance Officer; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Chief Finance Officer's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Statement of Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission on 13 October 2014, we are satisfied that, in all significant respects, North Norfolk District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

What a review of the arrangements for securing economy, efficiency and effectiveness in the use of resources involves

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission on 13 October 2014, as to whether the Authority has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

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

Our responsibilities and those of the Authority

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

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

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

Certificate

We certify that we have completed the audit of the financial statements of North Norfolk District Council in accordance with the requirements of Part II of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.

Anna Blackman

Anna Blackman (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton

Date: 30 September 2015

(a) The maintenance and integrity of the North Norfolk District Council website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Statement of Accounts since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of the Statement of Accounts may differ from legislation in other jurisdictions.

Accruals - The accounting treatment that requires expenditure and income to be recognised in the period it is incurred or earned, not when the money is actually paid or received.

Amortisation - The process of spreading a cost to revenue over a number of years. For example Intangible Assets are amortised to revenue over their useful life.

Bad Debts - Amounts owed to the Authority which are considered unlikely to be recovered. An allowance is made in the accounts for this possibility.

Balance Sheet - The Authority's financial position at the year end. It summarises what the respective assets and liabilities are.

Business Rates - Business or National Non-Domestic Rates are collected from occupiers of business properties based upon a rateable value and a nationally set rate. They are collected by each authority and nationally determined proportionate shares are paid to the Government and Norfolk County Council with a share retained by the authority.

Capital Adjustment Account - An account which reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them. The balance represents the balance of capital resources set aside to finance capital expenditure (e.g. capital receipts, revenue contributions) awaiting consumption of resources e.g. from depreciation and impairment.

Capital Expenditure - Spending on the purchase or enhancement of significant assets which have an expected life of over a year - for example major improvements to Council housing or construction of a car park.

Capital Financing Requirement (CFR) - The Capital Financing Requirement represents the Authority’s underlying need to borrow for capital purposes.

Capital Receipts - Money received from the sale of assets. This can be used to finance capital expenditure or repay debt.

Collection Fund - The account which contains all the transactions relating to Community Charge, Council Tax and Business Rates together with the payments to this Authority, Norfolk County Council and Norfolk Police Authority to meet their requirements.

Contingent Assets - A Contingent Assets is a possible asset that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Authority’s control.

Corporate and Democratic Core - Costs relating to the Authority’s status as a multi-functional, democratic organisation.

Contingent Liabilities - A Contingent Liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control.

Deferred Capital Receipts - Representing the amounts that are not available as cash. They arise from Council house sales on mortgage to the Authority, and where repayments of principal sums due are received over a number of years.

Depreciation - A measure of the financial effect of wearing out, consumption or other reduction in the useful life of a fixed asset.

Earmarked Reserve - Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish provisions.

Financial Instruments - Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities. Examples of financial assets include bank deposits, equity instrument of another entity, e.g. shares, contractual right to receive cash or another financial asset from another entity, such as a trade receivable. Financial liabilities include for example, contractual obligations to deliver cash or another financial asset.

Fixed Assets - Representing, as fixed assets, the value of what the Authority owns in terms of property, land etc. and what is owed to the Authority in respect of debt.

General Fund - The account which summarises the revenue costs of providing services, which are met by the Authority's demand on the Collection Fund.

Impairment - Reduction in the value of a fixed asset below its amount included in the Balance Sheet.

Infrastructure - A classification of fixed assets which have no market value and which exist primarily to facilitate transportation and communication requirements (e.g. roads, street lighting).

Intangible Assets - Intangible Assets are non-financial fixed assets that do not have a physical substance and include for example software licences.

International Accounting Standard 19 (IAS 19) - The requirement for Local Authority's to include the forecast cost of future pensions in the accounts on a notional basis.

International Financial Reporting Standards (IFRS) – A set of international accounting standards stating how particular types of transactions and other events should be reported in Financial Statements. IFRS are issued by the International Accounting Standards Board.

Large Scale Voluntary Transfer (LSVT) - The process of transferring Council House stock from a local Authority to a Registered Social Landlord. North Norfolk District Council transferred its housing stock to North Norfolk Housing Trust in February 2006.

Leasing - A method of acquiring items such as vehicles and computer equipment by payment of a lease charge over a period of years. There are two types of lease.

- A finance lease is where the Authority effectively pays for the cost of an asset (it counts as capital expenditure for control purposes and is included on our Balance Sheet). A primary lease period is that period for which the lease is originally taken out and a secondary period relates to any extension.
- An operating lease (a long-term hire) is subject to strict criteria and the cost can be charged as a running expense. The item leased must be worth at least 10% of its original value at the end of the lease and does not appear on the Balance Sheet.

Liabilities - This shows what the Authority owes for borrowing, payables etc. at the Balance Sheet date.

Minimum Revenue Provision - The minimum amount which must be charged to the revenue account each year and set aside as a provision to meet the rest of credit liabilities for example borrowing

National Non-Domestic Rate (NNDR) - National Non-Domestic Rate (NNDR) is set by the Government and collected by each authority and nationally determined proportionate shares are paid to the Government and Norfolk County Council with a share retained by the authority.

Non Distributed Costs - The cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.

Payables - Amounts which the Authority owes to others for goods and services received before the year end of 31 March but which were not paid until after 1 April.

Precepts - The amount which the Norfolk County Council and Norfolk Police Authority require us to collect, as part of the Council Tax, to pay for their services is called a precept. Town and Parish Councils also precept on the District Council to pay for their expenses.

Provisions - An amount set aside for potential liabilities which may arise or will be incurred, where there is uncertainty as to the amounts concerned or the dates on which these liabilities may arise.

Prudential Code - Professional code of practice developed by CIPFA which came into effect from the 1 April 2004 to ensure Local Authorities Capital investment plans are affordable, prudent and sustainable. 'The code allows authorities to undertake borrowing to finance capital expenditure as long as they can demonstrate affordability. '

Receivables - Sums which at 31 March are owing to the Authority.

Reserves - Accumulated balances built up from excess of income over expenditure or sums that have been specifically identified for a particular purpose which are known as earmarked reserves.

Revaluation Reserve - Net unrealised gains from the revaluation of fixed assets recognised in the balance sheet. Introduced in the 2007 SORP from 1 April 2007.

Revenue Contribution to Capital (or Direct Revenue Financing) - Use of revenue resources to finance capital expenditure.

Revenue Expenditure - The day to day running expenses on the services provided.

Revenue Expenditure Funded from Capital Under Statute - Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a fixed asset has been charged as expenditure to the relevant service revenue account in the year.

Revenue Income - Amounts receivable for such items as rents and charges for services and facilities.

Revenue Support Grant (RSG) - Grant paid by central government to aid local authority services in general as opposed to specific grants which may only be used for a specific purpose.

Soft Loans - Loans which are made at less than market rates or interest free. An authority will sometimes make soft loans to achieve a policy or service objective. For example an interest free loan to a voluntary organisation to provide upfront funding or car loans to employees.

Support Services - Activities of a professional, technical and administrative nature which are not local authority services in their own right, but support main front-line services.

Temporary Loans - Money borrowed on a short-term basis as part of the overall borrowing strategy.

VAT Shelter - A procedure agreed by the DCLG and HM Revenues and Customs to ensure that following a housing stock transfer there is no impact on taxation. Had the Authority retained the housing stock and carried out the necessary works on the properties the VAT would have been reclaimed by the Authority, however the Housing Trust are unable to recover the VAT and the VAT shelter arrangement allows the VAT to be recovered and shared between the Authority and Victory Housing Trust.

GLOSSARY OF ACRONYMS

CFR	Capital Financing Requirement
CIPFA	Chartered Institute of Public Finance and Accountancy
IAS	International Accounting Standards
ICT	Information Communication Technology
IFRS	International Financial Reporting Standard
LSVT	Large Scale Voluntary Transfer
MRP	Minimum Revenue Provision
NNDC	North Norfolk District Council
REFCUS	Revenue Expenditure Funded from Capital Under Statute
RSG	Revenue Support Grant
SERCOP	Service Reporting Code of Practice
SORP	Statement of Recommended Practice
TIC	Tourist Information Centre
UK GAAP	United Kingdom - Generally Accepted Accounting Principles