



As Deputy Chief Executive and Head of Finance and Resources I am responsible for the accounts and am pleased to report that in 2005/2006, once again the Council delivered its services within budget. At the year-end of 31st March 2006 the Council is positioned well to deliver on its longer term financial plan 2006/2010.

I am pleased to state that I am satisfied that these accounts present fairly the financial position of the Council at 31st March 2006 and its income and expenditure for the year.

My thanks to all those that played a part.

A handwritten signature in black ink, consisting of a stylized first name followed by a surname, written over a horizontal line.

DEPUTY CHIEF EXECUTIVE & HEAD OF
FINANCE & RESOURCES

8th June 2006

**"The Council once again delivered its
services within budget"**

I confirm that this Statement of Accounts was approved by the Council at the meeting held on 29th June 2006.

Signed on behalf of
The Borough Council of King's Lynn & West Norfolk

A handwritten signature in black ink, written in a cursive style, appearing to read 'Allen-Jox'.

Mayor of the Borough of King's Lynn & West Norfolk
and Chair of the Meeting



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STATEMENT OF RESPONSIBILITIES

○ The Authority's Responsibilities

The Authority is required to:-

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Deputy Chief Executive & Head of Finance & Resources, David Thomason;
- manage its affairs to secure economic, efficient and effective use of resources, and to safeguard its assets;
- approve the Statement of Accounts.

○ Deputy Chief Executive & Head of Finance & Resources Responsibilities

The Deputy Chief Executive & Head of Finance & Resources is responsible for the preparation of the Authority's Statement of Accounts which, in terms of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Code of Practice on Local Authority Accounting in the United Kingdom (the Code), is required to present fairly the financial position of the Authority and its income and expenditure for the year ended 31st March 2006.

In preparing the Statement of Accounts, the Deputy Chief Executive & Head of Finance & Resources has:-

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

He has also:-

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

○ Certification

In accordance with the Accounts and Audit Regulations 2003, I certify that the Statement of Accounts presents fairly the financial position of the Borough Council of King's Lynn and West Norfolk as at 31st March 2006, and its income and expenditure for the year then ended.



David Thomason
Deputy Chief Executive & Head of Finance &
Resources
8th June 2006

○ **The Accounting Statement**

The Statement of Accounts consists of summaries which deal with different aspects of the Council's activities and a Consolidated Balance Sheet which sets out the financial position of the Council as at 31st March 2006.

● **Consolidated Revenue Account**

The Consolidated Revenue Account deals with the day to day operations of the Council.

The Council's main revenue account covers income and expenditure on all services including council housing and trading undertakings.

● **Housing Revenue Account**

This shows income and expenditure on the day to day provision of council housing.

● **Consolidated Balance Sheet**

This sets out the financial position of the Council as at 31st March 2006.

● **Total Movement in Reserves Statement**

This statement analyses the movement of capital and revenue reserves. It shows movements, gains or losses, over and above those reported in the consolidated revenue account.

● **Cash Flow Statement**

This summarises the inflows and outflows of cash during the year.

○ **Collection Fund**

This is a statutory fund which is separate from the main accounts of the Council and deals with the collection of Council Tax, Parish Precepts and Non Domestic Rates and the payment of precepts to the Borough Council, Norfolk County Council and Norfolk Police Authority. All of the above are supported by the Statement of Accounting Policies as set out on pages 31 to 36 and various notes to the accounts.

○ **Summary of Accounts 2005/2006**

The Council at its budget meeting of 24th February 2005 set a budget of £18,429,950 with an intention to contribute £117,630 to its General Fund balances.

The outturn position for the year shows expenditure of £18,052,000 adding a sum of £360,000 to balances.

The Housing Revenue Account, which deals with the income and expenditure on the provision of council housing, ended the year with a credit balance of £820,000.

The Council operates trading undertakings which were the former Housing and Grounds Maintenance Direct Services Organisations (DSO's), a Public Cleansing DSO and a Leisure Management DSO. The Local Government Act 1999 repealed the requirement to maintain statutory revenue accounts for the former DSOs with effect from 2nd January 2000. However the Council maintained revenue accounts and overall the trading undertakings made a loss of £789,000.

○ **Overall Financial Position 2005/2006**

The Statement of Accounts indicates that the Council's financial health remains good at the end of 2005/2006. Expenditure in the year was contained within budget and the Balance Sheet identifies that the Council continues to maintain reserves and balances sufficient to meet its future commitment in terms of capital and revenue spending plans.

○ **Major Influences on the Council's Accounts during 2005/2006**

A major impact on staff resources during 2005/06 was the impending transfer of the housing stock to Freebridge Community Housing. In preparing for the transfer, that took place on 3rd April 2006, there was a "catching up" on spending in the Housing Revenue Account. There was also a need to settle a claim for back pay of housing staff. The end result was a £52,000 adverse variance at year end.

Target savings confirmed in 2005/06 were productivity £632,200; Commercialisation £260,029 and Procurement £324,940.

Further expenditure of £1,659,176 was incurred for Housing Stock Transfer, giving £2,098,451 in total, which is held on the balance sheet. This will be cleared by the capital receipt.

EXPLANATORY FOREWORD

○ Capital

During 2005/2006 the Council spent £21,871,350 on capital projects.

Major areas of spending were:

- Modernisation and improvement to council housing £3,098,000
- Regeneration schemes £1,843,000
- Town Centre £4,386,000 acquisition of land and buildings - majority funded by transfer of assets within the development
- Renovation grants for private sector housing £1,469,000
- Car Parks £4,573,000
- Council Depots £1,774,000

○ Summary of Capital Expenditure

Scheme	Expenditure in 2005/2006							2004/2005
	Regener- ation £'000	Environ- ment £'000	Resources £'000	Health £'000	Housing £'000	Community £'000	Total £'000	Total £'000
Civic Halls						53	53	34
Council Housing					3,098		3,098	3,111
Council Offices			275				275	142
Council Depots			1,774				1,774	0
Industrial Estates	49						49	76
Private Housing					22		22	101
Renovation Grants					1,469		1,469	1,071
Recreation Centres						644	644	557
Tourism/Recreation Areas						427	427	208
Hunstanton Improvements						186	186	72
Vehicles / Equipment		205		9	224	212	650	239
Information Technology			1,077		38	7	1,122	407
King's Lynn Visual Image	13						13	1
Greyfriars Tower	563						563	131
Regeneration Schemes	1,843						1,843	7,377
Town Centre	4,386						4,386	131
Car Parks	4,526					47	4,573	1,668
Cycleways	50						50	0
Crematorium				93			93	126
Community Facilities			346			84	430	1,127
Access to Council Bldgs			75			10	85	192
Other	25	1	6		31	3	66	91
Total	11,455	206	3,553	102	4,882	1,673	21,871	16,862

Details of how this expenditure has been financed are given at Note 7 to the Consolidated Balance Sheet.

○ The Euro

The Borough Council has neither incurred, nor expects to incur, any material expenditure in relation to the direct costs associated with the potential introduction of the Euro.

○ Accounting Policies

The accounting policies adopted by the Authority comply with recommended accounting practices and are set out on pages 31 to 36.

EXPLANATORY FOREWORD

○ General Fund

The performance of General Fund expenditure against estimates was as follows:

	2005/2006 Original Budget		2005/2006 Actual	
	£'000	£'000	£'000	£'000
Balance brought forward		974		1,177
Expenditure in the year	(18,312)		(18,052)	
Budget Requirement	18,430		18,412*	
Surplus for year		118		360
Balance carried forward		1,092		1,537

* £18,000 adjustment on Revenue Support Grant.

The following illustrates in broad terms how monies were spent and where it came from.

Gross Expenditure 2005/2006		Gross Income 2005/2006	
	%		%
Cultural & Related Services	9	Collection Fund Precept	8
Environmental Services	9	Revenue Support Grant/NDR from Pool	13
Planning & Development Services	6	Rents	23
Highways, Roads & Transport Services	2	Government Grants	29
Housing General Fund	39	Fees, Charges & Other Income	27
Council Housing	21		
Precepts/Internal Drainage Board	4		
External Interest Charges	2		
Other	8		
Total	100	Total	100

○ Current Borrowing Facilities

In March 2005 the Authority's borrowing limit for 2005/2006 was established at £36 million, with short term borrowing limited to 60% of total borrowings and variable rate loans limited to 60% of total borrowing. In March 2006 the limits for both short term and variable rate loans were unchanged, with the borrowing limit reduced to £41 million.

The borrowing requirement for the Council represents the amount of borrowing the Council will require as a result of the demands of both the capital programme and movement in reserves and balances.

CONSOLIDATED REVENUE ACCOUNT

EXPLAINING THIS STATEMENT

This account reports the cost for the year of the major services for which the Borough Council is responsible and which are ultimately paid for by the Council Taxpayer.

Figures shown are in the format as required by the CIPFA Best Value Accounting Code of Practice.

Note	Revenue Services	2005/2006 Gross Expenditure £'000	2005/2006 Gross Income £'000	2005/2006 Net Expenditure £'000	2004/2005 Net Expenditure £'000
	Culture & Related Services	8,142	2,996	5,146	5,121
	Environmental Services	7,442	3,310	4,132	5,367
	Planning & Development Services	6,159	3,935	2,224	2,074
	Highways, Roads & Transport Services	1,635	2,373	(738)	(1,075)
	Housing General Fund	35,009	33,218	1,791	1,486
	Central Services to Public	1,734	974	760	906
	Corporate & Democratic Core	4,082	921	3,161	2,441
	Non-Distributed Costs	400	0	400	637
	Net Cost of General Fund Services	64,603	47,727	16,876	16,957
Page 11	Housing Revenue Account	23,383	19,791	3,592	3,184
	Net Cost of Services	87,986	67,518	20,468	20,141
	Precepts of Parish Councils	1,054	0	1,054	962
	Internal Drainage Boards	2,302	0	2,302	2,279
Page 7 Note 2	Trading Operations	789	0	789	380
Page 7 Note 1	Asset Management Revenue Account	6,954	14,008	(7,054)	(6,154)
	Contribution of Housing Capital Receipts to government Pool	3,414	0	3,414	6,121
	Interest and Investment Income	0	1,523	(1,523)	(1,531)
Page 9 Note 11	Pensions Interest Cost & Expected Return on Pensions Assets	5,060	4,630	430	(10)
	Amortised Premiums	491	0	491	491
	Net Operating Expenditure	108,050	87,679	20,371	22,679

CONSOLIDATED REVENUE ACCOUNT

EXPLAINING THIS STATEMENT

This part of the account shows how the net cost of services and other costs were paid for through the receipt of government grants and other income from Council Taxpayers.

Figures shown are in the format as required by the CIPFA Best Value Accounting Code of Practice.

Revenue Services	2005/2006 Net Expenditure		2004/2005 Net Expenditure	
	£'000	£'000	£'000	£'000
Net Operating Expenditure		20,371		22,679
Appropriations				
Transfer To HRA Balances	8		62	
Transfer of Interest (non earmarked)	10		10	
Net Transfer (from) Reserves	(2,102)		(2,515)	
Transfer from Usable Capital Receipts	(3,414)		(6,121)	
Financing of Capital Expenditure	4,341		6,011	
Provision of Loan Repayment	(704)		(1,108)	
Movement on Capital Financing Account (CFA) for:				
Amortisation of Capital Contributions	985		604	
Deferred Charges	(1,133)		(1,797)	
Movement on Pension Reserve	(310)		(97)	
Total Appropriations		(2,319)		(4,951)
Amount to be met from Government Grants and Local Taxpayers		18,052		17,728
Transfer from Collection Fund Balances		(100)		(100)
Demands on Collection Fund		(6,573)		(6,349)
Revenue Support Grant		(7,755)		(7,676)
Distribution from NDR Pool		(3,984)		(3,743)
(Surplus)		(360)		(140)
Balances brought forward		(1,177)		(1,037)
Balances carried forward		(1,537)		(1,177)

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

1 Transactions on the Asset Management Revenue Account (AMRA)

	2005/2006		2004/2005	
	£'000	£'000	£'000	£'000
Income				
Capital Charges: General Fund	(4,302)		(3,770)	
Housing Revenue Account	(8,721)		(9,020)	
Amortisation of Capital Contributions	(985)		(604)	
		(14,008)		(13,394)
Expenditure				
Provision for Depreciation	5,135		5,356	
External Interest Charges	1,819		1,884	
		6,954		7,240
		(7,054)		(6,154)

2 Trading Operations

Under the CIPFA Best Value Accounting Code of Practice services have been redefined. The Council's statutory Direct Service Organisations are now referred to as trading operations. Whilst there is now no legal requirement to maintain statutory revenue accounts, the Borough Council has maintained this discipline as detailed below.

	2005/2006 Gross Expenditure £'000	2005/2006 Gross Income £'000	2005/2006 Net Expenditure £'000	2004/2005 Gross Expenditure £'000	2004/2005 Gross Income £'000	2004/2005 Net Expenditure £'000
Housing Maintenance	4,868	4,672	196	4,477	4,627	(150)
Grounds Maintenance	1,021	1,078	(57)	1,051	1,080	(29)
Public Cleansing	1,052	1,059	(7)	980	901	79
Sport Management	2,291	1,634	657	2,019	1,539	480
Total	9,232	8,443	789	8,527	8,147	380

3 Publicity Expenditure

Section 5 of the Local Government Act 1986 requires authorities to keep accounts of expenditure on certain items of publicity.

In 2005/2006 the sum of £271,618 was spent (£128,680 in 2004/2005), this covers publicity campaigns not directly connected with the Council's facilities i.e. promotion of the Borough in general.

Of this amount, £241,114 (£102,740 in 2004/2005) relates to staff recruitment advertising, and the balance of £30,504 (£25,940 in 2004/2005) relates to other general publicity expenditure.

Publicity promoting specific services, notably leisure facilities, is regarded as exempt from Section 5 disclosure requirements.

4 Agency Income and Expenditure

Grass cutting is carried out, on behalf of the County Council, by the Borough Council on an agency basis. Income received in 2005/2006 was £37,194 (£35,805 in 2004/2005). The service is provided at cost; hence the expenditure incurred in providing the service is equal to the income earned.

5 Employees Remuneration

Under the Accounts and Audit Regulations 2003, it is a requirement to publish the number of employees whose taxable emoluments exceeded £50,000.

	2005/2006	2004/2005
£50,000 - £59,999	5	6
£60,000 - £69,999	4	1
£70,000 - £79,999	1	3
£80,000 - £89,999	1	1
£90,000 - £99,999	0	0
£100,000 - £109,999	1	0

6 Leases

The Council has lease agreements for the provision of service vehicles, trade refuse containers, grounds maintenance and sports and communications equipment. These agreements are classed as operating leases. The amount paid under these arrangements in 2005/2006 was £373,369 (2004/2005 £448,617). However the amount charged to revenue was £389,184 because of the phasing of payments on the Revenues system IT lease. The SORP requires charges to be made evenly throughout the period of the lease.

The Council is committed to making payments of £103,928 under these leases in 2006/2007 comprising the following elements:

	£
Leases expiring in 2006/2007	34,369
Leases expiring between 2007/2008 and 2010/2011	69,559
Leases expiring after 2011/2012	0
	<u>103,928</u>

7 Revenue Provision

The Council is required by statute to charge the Consolidated Revenue Account with a minimum amount for the repayment of external debt (as explained within the Statement of Accounting Policies on page 31). The 2005/2006 revenue provision for the repayment of debt is equivalent to 4% of the Council's underlying need to borrow for capital financing purposes as at the start of the financial year. The revenue provision for the repayment of debt is shown in the following table.

	2005/2006 £'000	2004/2005 £'000
Revenue Provision for Repayment of Debt	469	253
Depreciation charged to HRA	3,961	3,996
Contributions from HRA	(3,961)	(3,996)
	<u>469</u>	<u>253</u>

From 2005/2006 it is no longer a requirement to make a charge to the HRA for repayment of debt, as long as the housing stock is being maintained.

8 Local Authority (Goods and Services) Act 1970

The Council is empowered by this Act to provide goods and services to other public bodies. During the year the Council provided goods and services to other public bodies to a total value of £7,504. This related to the provision of printing services to parishes and colleges.(2004/2005 - £0).

9 Members Allowances

The total paid to members of the Council in 2005/2006 under the Local Authorities (Members Allowance) (Amendment) Regulations 1995 was £316,538 (£295,765 in 2004/2005). Further details can be obtained from the Exchequer Services Section (01553 616529).

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

10 Related Party Transactions

In the financial year the Council received Revenue Support Grant, various Specific Grants and a share of National Non Domestic Rates from the Government which appear in the Consolidated Revenue Account and Cash Flow statement. Goods and services supplied by member related businesses are £5,554 (£20,505 in 2004/2005). Grants awarded to organisations on which Councillors and Senior Officers have an interest totalled £172,051 (£296,779 in 2004/2005). In addition, the Leader of the Council was reimbursed £23,358 for legal fees, as approved by Council on 27 April 2006.

11 Local Government Pension Scheme (LGPS)

The Pension Scheme is a funded defined benefit scheme. The cost of pensions is provided from Norfolk County Council's Pension No 1 Fund, other than the cost arising from the award of added years under the Local Government (Compensation for Premature Retirement) Regulations 1982. The Council recognises the cost of retirement benefits in the Net Cost of Services when employees earn them, rather than when the benefits are eventually paid as pensions (as required by Financial Reporting Standards, FRS17). However, the charge we are required to make against the council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the CRA after Net Operating Expenditure. The following transactions have been made in the CRA during the year:

Local Government Pension Scheme	2005/2006		2004/2005	
	£'000	£'000	£'000	£'000
<i>Net Cost of Services:</i>				
Current Service Cost	(2,470)		(2,220)	
Past Service Cost	(400)		(637)	
Unfunded Benefits	240		230	
		(2,630)		(2,627)
<i>Net Operating Expenditure:</i>				
Interest Cost	(5,060)		(4,020)	
Expected Return On assets In The Scheme	4,630		4,030	
		(430)		10
<i>Amounts to be met from Government Grants and Local Taxation:</i>				
Movement On Pensions Reserve		310		97
<i>Actual amount charged against Council Tax for Pensions in the Year</i>				
Employers' Contributions Payable To Scheme		(2,750)		(2,520)

The prior year figures have been revised to show the proportion of the fund attributable to the Borough Council rather than that of the whole Norfolk fund. Past Service Cost for 2004/2005 in the above table is shown as £637,000 whereas on page 22 the figure is £630,000. The difference is due to a rounding adjustment on the actuary's report. Under the projected unit method the current service cost will increase as the members of the scheme approach retirement. This will impact on the Balance Sheet (as detailed in note 23) and in the Statement of Total Movements in Reserves. Further information can be obtained from Norfolk County Council, County Hall, Martineau Lane, Norwich NR1 2DW, who administer the fund.

Further information on retirement benefits can be found in note 23 to the balance sheet on page 20.

NOTES TO THE CONSOLIDATED REVENUE ACCOUNT

12 Building Regulations Charging Account

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function. However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory bodies. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities. Chargeable costs are ring fenced with its reserve standing at £129,310 31st March 2006 (£168,893 2005). Non-chargeable are a charge against the general fund.

	Chargeable 2005/2006 £'000	Non - Chargeable 2005/2006 £'000	Total Building Control 2005/2006 £'000	Chargeable 2004/2005 £'000	Non - Chargeable 2004/2005 £'000	Total Building Control 2004/2005 £'000
Expenditure						
Employee	440	154	594	417	138	555
Premises	18	7	25	17	7	24
Transport	32	8	40	31	10	41
Supplies & Services	56	16	72	52	12	64
Central Services	43	26	69	41	31	72
Total Expenditure	589	211	800	558	198	756
Income						
Building Regs	545	0	545	569	0	569
Miscellaneous	5	74	79	0	79	79
Total Income	550	74	624	569	79	648
Surplus/(Deficit)	(39)	(137)	(176)	11	(119)	(108)

13 Disclosure of Audit Costs

In 2005/2006 the Borough Council incurred the following fees relating to external audit and inspection:

	2005/2006 £'000	2004/2005 £'000
Fees payable in regard to external audit services carried out by appointed auditor	117	103
Fees payable to the Audit Commission in respect of statutory inspection	10	10
Fees payable to the appointed auditor for the certification of grant claims and returns	35	22
Fees payable in respect of other services provided by the Audit Commission	1	1
Total	163	136

HOUSING REVENUE ACCOUNT

EXPLAINING THIS STATEMENT

The information contained within the Housing Revenue Account (HRA) reflects the statutory duty to account for the provision and maintenance of Council Housing.

It shows the major elements of expenditure and how these are met by housing rents, government subsidy and other income.

Under the Local Government and Housing Act 1989 there is a duty on the Council to ensure that all expenditure is met by income and balances in hand.

Note	2005/2006 £'000	2005/2006 £'000	2004/2005 £'000
Income			
Gross Rent Income	17,897		17,705
Non-dwellings	320		327
		18,217	18,032
Charges for Services & Facilities	894		768
Contributions towards expenditure	680		534
		1,574	1,302
Total Income		19,791	19,334
Expenditure			
Repairs and Maintenance	5,976		5,125
Rent Rebates	14		29
Page 13 Note 6 Housing Subsidy Payable to Government	3,235		3,039
Supervision and Management	5,462		4,956
Rents, Rates, Taxes and Other Charges	21		17
Increased/(Decreased) Provision for Bad Debts	(51)		327
Cost of Capital Charge	4,714		4,987
Page 12 Note 1 Depreciation of fixed assets	3,961		3,996
Debt Management Costs	51		42
Total Expenditure		23,383	22,518
Net Cost of Services		3,592	3,184
Net HRA income on the AMRA	(4,231)		(4,450)
Amortised Premiums	491		491
HRA Investment Income	(15)		(21)
		(3,755)	(3,980)
Net Operating Expenditure		(163)	(796)
Appropriations			
Transfers to Reserves		155	734
Surplus for the year		(8)	(62)
Balance brought forward		(812)	(750)
Balance carried forward		(820)	(812)

NOTES TO THE HOUSING REVENUE ACCOUNT

1 Housing Stock

The Council was responsible for managing 6,860 dwellings at 31st March 2006. The stock was categorised as follows:-

	2006	2005
Houses	2,985	3,070
Flats	1,691	1,703
Bungalows	2,184	2,191
Total	6,860	6,964

The total value of the stock at 31st March 2006 has been affected by depreciation, the disposal of stock mainly through the Right to Buy scheme and additions to the value of stock as a result of capital expenditure. This is summarised in the table below:

Operational Assets			
	Dwellings	Other Land & Buildings	Total HRA Assets
	£'000	£'000	£'000
Gross Value 01.04.05	151,040	1,593	152,633
Additions	2,971	3	2,974
Depreciation	(21,028)	(205)	(21,233)
Disposals	(3,493)	(100)	(3,593)
Revaluations	(1,988)	0	(1,988)
Net Value 31.03.06	127,502	1,291	128,793

Depreciation Charge	2005/2006	2004/2005
	£'000	£'000
Operational Assets		
Dwellings	3,924	3,958
Other Land and Buildings	37	38
Total HRA Depreciation Charge	3,961	3,996

The vacant possession value of the housing stock at 1st April 2005 was £258,503,895 (1st April 2004 £266,060,395). The difference between the vacant possession value and the balance sheet value of £127,502,672 reflects the cost to the Council of providing council housing at less than open market rents.

2 Major Repairs Reserve

The major repairs reserve was set up to account for the major repairs allowance (MRA) which is payable by the Government to all authorities based on stock numbers. The reserve is reduced by expenditure made on HRA assets.

	2005/2006	2004/2005
	£'000	£'000
Balance as at 1 April	1,361	393
Transferred from CFA in full (equivalent to HRA depreciation)	3,961	3,996
Transfer (to) / from HRA:		
Depreciation on non-dwellings	(37)	(38)
(Excess) / Shortfall of depreciation on non-dwellings over the MRA	37	38
Financing of capital expenditure	(2,993)	(3,028)
Balance as at 31st March	2,329	1,361

3 Capital Expenditure

During 2005/2006 total capital expenditure on land, houses and other property within the HRA was £3,144,486 which was financed from the Major Repairs Allowance and reserve contributions. This compares with a capital spend of £3,120,501 in 2004/2005.

4 Capital Receipts

During the year £5,207,643 (£8,773,979 in 2004/05) was received from the disposal of land and property within the Housing Revenue Account.

5 Capital Charge

The capital charge is a notional charge to the HRA and represents the Government's expected rate of return of 3.5% for current costs and 4.95% for historic costs on the capital tied up in the housing stock.

The AMRA adjusting transfer effectively reverses this charge out to leave the actual interest charged to the HRA calculated in accordance with Government Regulations.

6 Housing Element of Subsidy

Housing Subsidy represents a payment to the Government to compensate other councils for the fact that they provide social housing at below market rents. Subsidy is calculated by the Government assuming the Council's costs and income on a notional basis to see if the accounts would produce a surplus or deficit. In 2005/2006 the Council made a surplus in the subsidy calculation, which was paid over to the Government.

	£'000	£'000
Management Allowance	2,415	
Maintenance Allowance	5,626	
Capital Charges	1,695	
Admissible/ABS Allowance	29	
		9,765
Less Housing Income		
Rents	(16,975)	
Interest	(18)	
		(16,993)
Major Repairs Allowance		3,961
Adjustment re 03-04		32
Payment to Government 2005/2006		(3,235)

7 Rent Arrears

During the year rent arrears as a proportion of gross rent income decreased from 1.95% to 1.58%. None of the debt related to former tenants.

The figures are as follows:-

Rent Arrears	2005/2006	2004/2005
	£	£
Current Tenants	272,306	354,214
Former Tenants	0	167,190
Total	272,306	521,404

The figures relate to the collection period ending 31st March and may differ from the amount shown on page 18, note 14 in that they include adjustments to take account of the Council's procedures of collecting rent two weeks in arrears.

8 Bad Debt Provision

The total provision for bad debts as at 31st March 2006 was £426,285 (£586,468 in 2004/2005), a movement of £160,183 (£224,430 in 2004/2005). The overall movement reflects write offs of rechargeable works and reassessing the balance to represent debtors and rechargeable works at year end.

9 HRA Share of Pension Contribution

Pension costs charged to the Council's account in respect of its employees are equal to the contribution paid to the pension scheme for employees. These costs are based upon the pension liability which is balanced by a pensions reserve of the same value, which reflects the fact that the Council is not required to raise housing rents to cover the liability. Further information can be found in the statement of accounting policies page 34.

10 Post Balance Sheet Event

On 3rd April 2006 the Council transferred 6,852 properties to Freebridge Community Housing for which it received £14.7m. This sum was calculated in accordance with current government guidelines and commits Freebridge to spend £73m over the next 7 years and a further £36m within the following 8 years to bring all these properties up to the 'Decent Homes Standard'. Under the legal agreement the Council retains nomination rights on 75% of the properties, however as Freebridge is part of Homechoice the Council is still able to make nominations on 100% of the stock. Rent arrears of £213,000 were also sold to Freebridge.

At the same time the Council transferred 186 of its existing staff to the new organisation together with their share of the Council's pension fund. The Council also sold Juniper House for £994,000 and the King's Lynn Depot for £974,000, together with stock valued at £110,000, to Freebridge.

CONSOLIDATED BALANCE SHEET

EXPLAINING THIS STATEMENT

The balance sheet is a snapshot of the Council's financial position at the end of the financial year. It demonstrates how the Council manages its annual and long term operations by the use of short and long term borrowing and revenue balances. It includes General Fund, Housing Revenue and Collection Fund.

Note		2005/2006		2004/2005	
		£'000	£'000	£'000	£'000
Page 15 Notes 1,2	Fixed Assets				
	Intangible Fixed Assets		244		249
	Tangible Fixed Assets				
	Operational Assets				
	Council Dwellings	127,502		133,517	
	Other Land & Buildings	64,629		42,834	
	Vehicle, Plant & Equipment	2,890		2,183	
	Infrastructure Assets	331		358	
	Community Assets	419		43	
	Total Operational Assets	195,771		178,935	
	Non-Operational Assets				
	Investment Properties	23,279		20,151	
	Land Awaiting Development	22,223		19,093	
	Assets Under Construction	0		7,158	
	Total Non-Operational Assets	45,502		46,402	
	Total Tangible Assets		241,273		225,337
	Total Fixed Assets		241,517		225,586
Page 17 Note 10	Long term investments		31,483		30,108
Page 18 Note 12	Long term debtors		756		906
			273,756		256,600
	Current Assets				
Page 18 Note 13	Stock	235		382	
Page 18 Note 14,15	Debtors	9,255		10,166	
Page 17 Note 10	Short Term Investments	3,600		0	
	Total Current Assets	13,090		10,548	
	Current Liabilities				
Page 19 Note 17	Short term borrowing	(11,001)		(5,131)	
Page 18 Note 16	Creditors	(12,812)		(10,132)	
	Bank	(813)		(1,102)	
		(24,626)		(16,365)	
	Net Current Assets/Liabilities		(11,536)		(5,817)
	Total Assets less Current Liabilities		262,220		250,783
Page 19 Note 18	Long Term Borrowing		(24,910)		(24,914)
Page 19 Note 19	Deferred Capital Receipts		(156)		(205)
Page 16 Note 8	Government Grants Deferred		(11,005)		(9,360)
Page 20 Note 23	Pension Liability		(27,600)		(26,700)
			198,549		189,604
Page 24 Note 1	Fixed Asset Restatement Account	128,300		127,638	
Page 24 Note 1	Capital Financing Account	81,709		67,194	
Page 20 Note 23	Pension Reserve	(27,600)		(26,700)	
Page 20 Note 20	Useable Capital Receipts	75		4,618	
Page 12 Note 2	Major Repairs Reserve	2,329		1,361	
Page 29	Collection Fund	2,098	186,911	2,121	176,232
	Fund Balances & Reserves				
Page 6	General Fund	1,537		1,177	
Page 11	Housing Revenue Account	820		812	
Page 23 Note 24	Earmarked Reserves	9,281	11,638	11,383	13,372
			198,549		189,604

NOTES TO THE CONSOLIDATED BALANCE SHEET

1 Analysis of Asset Movement 2005/2006

Movements in fixed assets during the year were as follows:-

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles Plant and Equipment £'000	Investment Properties £'000	Land Awaiting Development £'000	Assets under Construction £'000	Infrastructure Assets £'000	Community Assets £'000	Intangible Assets £'000	Total £'000
Gross value as at 1 st April 2005	151,040	45,772	4,281	20,187	19,149	7,158	616	44	321	248,568
Gross Capital Expenditure/Additions	2,971	8,499	1,793	4,349	1,818	0	211	753	8	20,402
Disposals	(3,493)	(100)	0	(1,377)	(182)	(4,331)	0	0	0	(9,483)
Revaluations	(1,988)	8,597	(703)	171	1,552	0	(211)	(435)	0	6,983
Restatements	0	2,841	0	(15)	(57)	(2,827)	0	58	0	0
Gross value as at 31st March 2006	148,530	65,609	5,371	23,315	22,280	0	616	420	329	266,470
Depreciation b/fwd as at 1 st April 2005	17,523	2,938	2,098	36	56	0	258	1	72	22,982
Amortisation	0	0	0	0	0	0	0	0	13	13
Depreciation for year	3,924	787	383	0	1	0	27	0	0	5,122
Depreciation on Disposals	(419)	(3)	0	0	0	0	0	0	0	(422)
Depreciation on Revaluations	0	(2,742)	0	0	0	0	0	0	0	(2,742)
Total Depreciation as at 31st March 2006	21,028	980	2,481	36	57	0	285	1	85	24,953
Net value as at 31st March 2006	127,502	64,629	2,890	23,279	22,223	0	331	419	244	241,517
31st March 2005	133,517	42,834	2,183	20,151	19,093	7,158	358	43	249	225,586

2 Valuation of Fixed Assets Carried at Current Value

The following statement shows the progress of the Council's rolling programme for the revaluation of fixed assets. The valuations are carried out by Council valuers. The basis for valuation is set out in the statement of accounting policies.

	Council Dwellings £'000	Other Land and Buildings £'000	Vehicles Plant and Equipment £'000	Investment Properties £'000	Land Awaiting Development £'000	Assets under Construction £'000	Infrastructure Assets £'000	Community Assets £'000	Intangible Assets £'000	Total £'000
Valued at Historical Cost	2,812	1,489	2,726	11	3,249		616	420	72	11,395
Value at current value in:										
2005/2006		50,643	434	4,300	3,970				8	59,355
2004/2005		3,409		794	12,708				121	17,032
2003/2004		10,068	2,211	7	8				128	12,422
2002/2003				18,203	2,345					20,548
2001/2002	145,718									145,718
	148,530	65,609	5,371	23,315	22,280	0	616	420	329	266,470

NOTES TO THE CONSOLIDATED BALANCE SHEET

3 Analysis of Fixed Assets

	31 st March	
	2006 (Nos)	2005 (Nos)
Council Dwellings	6,860	6,964
Town Halls	2	2
Offices	4	4
Depots and Workshops	3	2
Off-street Car Parks	19	19
Sports Centres and Pools	4	4
Parks and Recreation Grounds	167 acres	167 acres
Theatres/Concert Halls	3	3
Crematorium	1	1
Industrial Units	111	112
Commercial Property (shops)	13	17
Land associated with the Buildings listed above (excluding Parks)	975 acres	977 acres
Land awaiting development	167 acres	169 acres
Beach	1	1

The Council also operates market undertakings at three separate locations during each week but the sites are primarily car park areas and are included as such in the above analysis.

4 Fixed Asset Valuation

The freehold and leasehold properties which comprise the Council's property portfolio have been valued in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Manual (5th Edition), except that not all the properties were inspected. This was neither practicable nor considered to be necessary for the purpose of valuation.

Greater detail regarding dates and valuations is provided in the statement of accounting policies on pages 31 - 36.

Vehicles, plant, machinery and equipment are valued on a historical cost basis, whereas ICT equipment is valued on a replacement cost basis.

Valuation Bases –

For valuation purposes local authority property usually falls into the following groups:

- non-operational property (investment, surplus and development property), valued on the basis of Market Value;
- operational, non-specialized property, valued on the basis of Existing Use Value (EUUV);
- operational, Specialized Properties valued using the depreciated replacement cost method.

5 Community Assets

Community assets include two historical monuments in King's Lynn; the Red Mount Chapel and Greyfriars Tower.

6 Summary of Capital Expenditure

	2005/2006 £'000	2004/2005 £'000
Fixed Assets	20,402	15,448
Deferred Charges	1,469	1,414
Total	21,871	16,862

7 Summary of Capital Financing

	2005/2006 £'000	2004/2005 £'000
Loans	1,261	1,071
Major Repairs Allowance	2,993	3,028
Grants & Third Party Contributions	2,966	3,557
Capital Receipts	12,000	679
Reserves	4,341	5,895
Creditors/Debtors	(1,690)	2,632
Total	21,871	16,862

8 Capital Contributions Deferred Account

	2005/2006 £'000	2004/2005 £'000
Balance brought forward 1st April	(9,360)	(6,784)
Grants & Contributions applied during the year	(2,630)	(3,180)
Grants & Contributions written down	985	604
Balance carried forward 31st March	(11,005)	(9,360)

NOTES TO THE CONSOLIDATED BALANCE SHEET

9 Future Commitments

Outstanding commitments for future capital expenditure at 31st March 2006 are estimated to be £28,263,000 (£22,228,000 in 2004/2005). Commitments are divided between schemes having legal contract and schemes which have not progressed to contract stage.

The period of investments in these schemes ranges from one to four years.

	Commitment Contractual	Commitment Non- Contractual
	31st March 2006	31st March 2006
	£'000	£'000
Housing Schemes	362	7,315
Renovation Grants	172	1,944
Visual Image	120	494
Industrial Estate Refurbishment	0	1,566
Regeneration Scheme	600	1,145
Walks Urban Parks Project	97	333
Crematorium & Cemeteries	32	276
Leisure Centres / Theatres	546	1,901
Civic Buildings	69	784
Offices	44	2,883
Office Equipment	679	570
Multi Story Car park	102	0
Vehicles & Equipment	1,509	826
Refuse & Recycling	885	315
Urban Renaissance Project Staff	0	700
Miscellaneous	391	1,603
TOTAL	5,608	22,655

10 Investments

The following investments represent unusable capital receipts (reserved), which have been placed with Fund Managers and invested in a range of financial instruments. A small sum of £13,000 is invested in unredeemable Government Bonds.

	31st March	
	2006	2005
	£'000	£'000
Long-term		
Fund Managers	31,470	30,095
Bonds	13	13
Long-term Investments	31,483	30,108
Short-term		
Banks	3,600	0
Building Societies	0	0
Short-term Investments	3,600	0
Total Investments	35,083	30,108

Long-term investments are for a period in excess of a year.

11 Deferred Charges

	2005/2006	2004/2005
	£'000	£'000
Balance brought forward 1 st April	0	897
Additions in Year	1,469	1,414
Written Down in Year	(1,469)	(2,109)
Transfer to Intangible Fixed Assets	0	(202)
Balance carried forward 31 st March	0	0

NOTES TO THE CONSOLIDATED BALANCE SHEET

12 Long Term Debtors

	31 st March	
	2006	2005
	£'000	£'000
Local Authorities	349	365
Housing Advances	94	100
Housing Association	112	196
Council House Sales	156	205
Car loans to employees	19	14
Specific long term	26	26
Total	756	906

The above table relates to debts which are due to be repaid in excess of one year.

13 Stocks

	31 st March	
	2006	2005
	£'000	£'000
Work – in - Progress		
Rechargeable works	0	39
Stocks		
Stores	134	245
Other	101	98
Total	235	382

Stores items consist of stocks of UPVC windows and miscellaneous items. Other stocks related mainly to nursery stocks, office equipment and stocks held at leisure service facilities. From 2005/2006, rechargeable works are now shown under short term debtors.

14 Short Term Debtors

These represent £7.897m Council debtors and £1.358 collection fund debtors, in total £9.255m.

	31 st March	
	2006	2005
	£'000	£'000
Local Authority Debtors		
Due within one year		
Government Departments	587	905
Housing Tenants	272	356
Stock Transfer	2,098	439
Recovery of Local Taxation	0	42
Prepayments	2,601	3,119
Leased Vehicle Repayments	0	56
Rechargeable works	168	0
Sundry Debtors	1,229	1,507
Accrued Income	1,727	3,378
	8,682	9,802
Provision for doubtful debt	(785)	(1,357)
Total	7,897	8,445

15 Collection Fund

	31 st March	
	2006	2005
	£'000	£'000
Business Ratepayers	180	257
Provision for doubtful debts	(80)	(105)
Council Taxpayers	1,434	1,509
Provision for doubtful debts	(176)	(217)
National Ratepayers Pool	0	277
Total	1,358	1,721

16 Creditors

	31 st March	
	2006	2005
	£'000	£'000
Government Departments	2,888	0
Inland Revenue	413	371
Other Local Authorities	255	215
Industrial Estate Deposits	229	233
Deferred Income	2,782	1,771
Sundry Creditors	6,245	7,542
Total	12,812	10,132

NOTES TO THE CONSOLIDATED BALANCE SHEET

17 Short Term Borrowing

Temporary Loans outstanding at 31st March 2006.

Source of Loan	Balance Outstanding 31 st March	
	2006 £'000	2005 £'000
Banks	0	2,000
Local Authorities	1,000	2,800
PWLB	9,604	4
Other	397	327
Total	11,001	5,131

18 Long Term Borrowing

Long-term borrowing is debt which is due to be repaid in excess of one year.

Interest rates range between 3.25% and 9.875%.

Source of Loan	Balance Outstanding 31st March	
	2006 £'000	2005 £'000
PWLB	5,410	5,414
Dexia Municipal Bank	7,500	7,500
Westdeutsche Landesbank	4,000	4,000
Depfa Bank Europe	8,000	8,000
Total	24,910	24,914

The analysis by maturity is as follows:

Repayable within	2006 £'000	2005 £'000
1 to 2 years	5,005	4
2 to 5 years	1,017	6,016
5 to 10 years	7,541	7,538
Over 10 years	11,347	11,356
TOTAL	24,910	24,914

19 Deferred Capital Receipts

In the past, when assets such as Council Houses were sold the Council provided a mortgage if required and the capital sum due from the sale was recovered over the period of the mortgage.

20 Useable Capital Receipts

An analysis of the balance of capital receipts which can be used to finance capital expenditure is as follows:

	31 st March	
	2006 £'000	2005 £'000
Balance in hand 1 st April	4,618	2,317
Receipts in year	10,871	9,101
Capital receipts pool	(3,414)	(6,121)
Financing during the year	(12,000)	(679)
Balance in hand 31st March	75	4,618

21 Analysis of Net Assets Employed

This represents the aggregate of reserves attributed to the major accounts and funds of the Borough Council and, in total, equates to the total equity shown on the Balance sheet.

	31 st March	
	2006 £'000	2005 £'000
General Fund	55,900	45,371
Housing Revenue Account	140,551	142,112
Collection fund	2,098	2,121
TOTAL	198,549	189,604

22 Related Parties - Debtors and Creditors

The debtors and creditors of related parties noted on page 9, note 10 are as follows

	31 st March	
	2006 £'000	2005 £'000
Debtors		
Government Departments	3,040	4,233
Local Authorities	349	365
Creditors		
Government Departments	3,302	371
Local Authorities	255	215

Government Departments includes prepayments of PWLB from table 14 page 18.

23 Retirement Benefits

As part of the terms and conditions of employment of its officers, the Council offers retirement benefits to individual employees on retirement. The Council participates in the Norfolk Pension Fund operated by Norfolk County Council. This is a defined benefit scheme. The Council and its employees pay contributions to the fund. These contributions are calculated at a level to balance the pension liabilities with investment assets.

Note 11 to the Consolidated Revenue Account contains details of the Authority's participation in the Local Government Pensions Scheme (administered by Norfolk County Council).

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

Local Government Pension Scheme	31 st March	
	2006 £'000	2005 £'000
Estimated liabilities in scheme	(111,300)	(93,500)
Estimated assets in scheme	83,700	66,800
Net (Liability)	(27,600)	(26,700)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £27.6m 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, as assessed by the scheme's actuary.

The Revenue Account figures for the year to 31st March 2006 are calculated, based on a discount rate derived from corporate bond yields as at 31st March 2005 (which was 4.9% p.a.), as required by CIPFA.

Liabilities have been assessed on an actuarial basis using the projected unit method as required by FRS 17. The actuary Hymans Robertson, has adopted a set of demographic assumptions that are consistent

NOTES TO THE CONSOLIDATED BALANCE SHEET

with those used for the Norfolk Pension Fund at the last triennial valuation on 31st March 2005.

The actuary used this valuation as the basis for the FRS 17 calculations. The financial assumptions that have been used for the purposes of FRS 17 calculations are as follows:

Assumptions as at	31 st March		
	2006 % p.a.	2005 % p.a.	2004 % p.a.
Rate of Inflation	3.1	2.9	2.9
Rate of Salary increases	4.6	4.4	4.9
Rate of Increase in Pensions, Payments and Deferred Pensions	3.1	2.9	2.9
Rate of Discounting Scheme Liabilities	4.9	5.4	6.5

The fair value of each main class of assets held by the fund, as at the 31st March 2006, and the expected rate of return are as follows:

Class of Fund Asset	As at 31 st March 2006		
	Expected Return	Fair value of the Attributable Assets	Proportion of Assets held by the fund
	%	£'000	%
Equities	7.4	59,600	71
Bonds	4.6	11,900	14
Property	5.5	10,200	12
Cash	4.6	2,000	3
Total	6.7	83,700	100

Class of Fund Asset	As at 31 st March 2005		
	Expected Return	Fair value of the Attributable Assets	Proportion of Assets held by the fund
	%	£'000	%
Equities	7.7	46,230	69
Bonds	4.8	10,770	16
Property	5.7	7,450	11
Cash	4.8	2,350	4
Total	6.9	66,800	100

Class of Fund Asset	As at 31 st March 2004		
	Expected Return	Fair value of the Attributable Assets	Proportion of Assets held by the fund
	%	£'000	%
Equities	7.7	38,183	65
Bonds	5.1	11,702	20
Property	6.5	5,876	10
Cash	4.0	2,778	5
Total	6.8	58,539	100

The figures for 31st March 2005 now reflect the actual sums as per the triennial valuation of 31st March 2005 instead of an estimate shown in the previous years Statement of Accounts. Prior year figures have been revised to show the proportion of the fund attributable to the Borough Council rather than that of the whole Norfolk fund.

In 2005/2006, pension costs have been charged to the Consolidated Revenue Account. At 31st March 2006, the Council has the following overall assets and liabilities for pensions that have been included in the balance sheet.

Net Pension Asset at:	31 st March		
	2006 £'000	2005 £'000	2004 £'000
Estimated Employer Assets (A)	83,700	66,800	58,539
Present Value of Scheme Liabilities	(107,500)	(89,900)	(69,853)
Present Value of Unfunded Liabilities	(3,800)	(3,600)	(3,099)
Total Value of Liabilities (B)	(111,300)	(93,500)	(72,952)
Net Pension Liability (A+B)	(27,600)	(26,700)	(14,413)

The impact of this liability now it is included in the balance sheet is to reduce the Net Assets by £27.6m – 10.62% (£26.7m – 10.64% as at 31st March 2005).

FRS 17 is an accounting standard that prescribes how the net pension liability is derived. It reflects the position of the fund on 31st March 2006.

NOTES TO THE CONSOLIDATED BALANCE SHEET

In contrast the 3 yearly actuarial valuation, which sets employer contribution rates, takes a longer term view and allows for smoothing. As a result the FRS basis is much more volatile than the triennial valuation and inevitably results in different valuations on the state of the fund compared to the triennial valuation method.

The movement in net pension liability is as follows:

	2005/2006 £'000	2004/2005 £'000
Opening Net Pensions Liability	(26,700)	(14,413)
Expected Contributions	2,750	2,520
Actuarial losses	(590)	(12,197)
Unfunded Benefits	240	230
Current service cost	(2,470)	(2,220)
Past service cost	(400)	(630)
Net Return on Assets	(430)	10
Closing Net Pensions Liability	(27,600)	(26,700)

The actuarial gain can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities as at 31st March.

	2006 £'000	2005 £'000	2004 £'000	2003 £'000
Difference between expected and actual return on assets	11,900	2,560	7,221	(14,600)
	14.2%	3.8%	12.3%	30.5%
	based on scheme assets			
Expected (losses) / gains arising on the scheme liabilities	(130)	(1,737)	42	490
	(0.1%)	(1.9%)	0.1%	0.7%
	based on scheme liabilities			
Changes in financial assumptions underlying the present value of the scheme liabilities	(12,360)	(13,020)	0	0
Changes in the demographic and financial assumptions used to estimate liabilities	0	0	0	0
	0.0%	0.0%	0.0%	0.0%
Total Actuarial	(590)	(12,197)	7,263	(14,110)

The LGPS regulations were revised on 30 March 2006 and give retiring LGPS members in England and Wales the option to increase the amount of tax-free cash taken from the scheme at retirement from the current fixed amount of three years' pension to the new maximum permissible under the Finance Act 2004 of 25% of the total value of the benefits. Hyams Robertson, the Council's actuary, has concluded that in the light of the considerable uncertainty surrounding the amount LGPS members might take out to fund lump sums, it is premature to anticipate the impact of these new regulations on the pension fund liability. As a result, no amendment has been made to the FRS17 disclosures (including reported pension liabilities for 2005/06).

NOTES TO THE CONSOLIDATED BALANCE SHEET

24 Earmarked Reserves

This represents the aggregate of reserves of the authority.

	1 st April 2005	2005/2006 Contributions to Consolidated Revenue Account	2005/2006 Contributions from Consolidated Revenue Account	Transfer	Fund Capital Programme	31 st March 2006
	£'000	£'000	£'000	£'000	£'000	£'000
(1) Lynnsport Reserve	30	(25)	1	0	0	6
(2) Amenity Areas	379	0	0	0	0	379
(3) Capital Programme Resources	4,525	(62)	1,446	52	(3,482)	2,479
(4) RCCO - Housing Revenue	137	0	7	(7)	(137)	0
(5) Affordable Housing	430	(183)	788	0	0	1,035
(6) Town Centre Development	337	(302)	0	0	0	35
(7) Insurance Reserve	105	(30)	28	0	0	103
(8) Restructuring Reserve	578	(457)	189	(9)	0	301
(9) Renewals Reserve	887	(7)	380	65	(412)	913
(10) Repairs Reserve	1,125	(277)	331	2	(165)	1,016
(11) Holding Accounts	1,168	(372)	144	(110)	0	830
(12) Ring Fenced Reserves	244	(39)	4	0	(45)	164
(13) Planning Delivery Grant	219	(3)	176	0	(87)	305
(14) Local Public Service Agreement	100	0	0	0	0	100
(15) Housing Stock Transfer	81	(55)	439	0	0	465
(16) Other	1,038	(266)	384	7	(13)	1,150
	11,383	(2,078)	4,317	0	(4,341)	9,281

- (1) The Lynnsport Development Account is to be used to offset future capital financing charges on the project.
- (2) The Amenity Areas Reserve represents contributions made by developers to the Council for the maintenance of land on housing sites. The sums and interest earned are spent on the areas over several years.
- (3) The Capital Programme Resources reserve is used to fund the capital programme. It has been established by annual contributions from the revenue budget and has been combined with the former Major Projects Reserve.
- (4) A Housing Revenue Account (HRA) reserve has been established for specific in year contributions that are not part of the HRA balance.
- (5) The Affordable Housing Reserve has been set up to hold contributions from developers and income from second homes to fund affordable housing schemes.
- (6) The Town Centre Development reserve was set up to offset any anticipated loss of income during the town centre redevelopment.
- (7) The Insurance Reserve was established to fund expenditure required as necessary by our Insurance Company and also to meet areas of risk management.
- (8) The Restructuring Reserve was established to meet the Government's modernising agenda.
- (9) Renewal Reserves are maintained for replacing vehicles, personal computers and office equipment. Annual contributions help to maintain the level of the funds.
- (10) Repairs Reserves have been established to help equalise the impact on the revenue accounts of programmed repairs.
- (11) Holding Accounts are reserves which reflect the over and under recovery of charges for departmental expenses.
- (12) Ring Fenced Reserves can only be used for specific purposes. Included are Building Control Account and Trust Funds that are administered by the Council on behalf of Trustees.
- (13) Planning Delivery Grant was first received in 2003/2004 as an annual sum, used to achieving various performance indicators.
- (14) Money for pump priming initiatives on service delivery, with Great Yarmouth Borough Council and Norfolk County Council.
- (15) The reserves were set up to deal with costs relating to the Housing Stock Transfer.
- (16) Other Earmarked Reserves include various specific reserves set up to equalise expenditure in the revenue accounts.

MOVEMENT IN RESERVES

This statement analyses the movement of capital and revenue reserves. It shows movement, gains or losses, over and above that which is reported in the consolidated revenue account.

1 Total Movement in Reserves

	Fixed Asset Restatement Account £'000	Capital Financing Account £'000	Usable Capital Receipts £'000	Pension Reserve £'000	Collection Fund £'000	General Fund £'000	Earmarked Reserves £'000	Major Repairs Reserve £'000	HRA £'000	2005/2006 Total £'000	2004/2005 Total £'000
Balance as at 1/4/2005	(127,638)	(67,194)	(4,618)	26,700	(2,121)	(1,177)	(11,383)	(1,361)	(812)	(189,604)	(201,836)
Appropriations		5,804	3,408	310	100	(3,577)	(2,239)	(3,961)	155	0	0
Net (surplus)/deficit for year				590	(77)	3,217			(163)	3,567	17,596
Unrealised (gains)/loss from revaluation of fixed assets	(9,723)									(9,723)	(430)
Cost or value of assets disposed of										0	4,771
Proceeds of disposals	9,061		(10,865)							(1,804)	(9,101)
Financing of fixed assets		(19,334)	12,000				4,341	2,993		0	0
Government Grants Deferred		(985)								(985)	(604)
Balance as at 31/3/2006	(128,300)	(81,709)	(75)	27,600	(2,098)	(1,537)	(9,281)	(2,329)	(820)	(198,549)	(189,604)

The Fixed Asset Restatement Account represents the valuation of the Authority's assets, adjusted for any disposal of assets and any capital expenditure which does not add to the value of the authority's assets. The reserve cannot be used to support spending.

The Capital Financing Account represents the amounts required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts.

Useable capital receipts represent the proportion of funds from the sale of assets and the repayment of mortgages which can be used to finance capital expenditure. The figure of £10,865,000 includes £3,414,000 for the Capital Receipts pooling. This amount has been transferred to the General Reserve and paid to the Government.

The Collection Fund is explained on pages 28 to 30.

The General Fund Reserves represent the balances of the Authority and are necessary primarily to fund working balances.

CASHFLOW STATEMENT

EXPLAINING THIS STATEMENT

This statement summarises the inflows and outflows of the Council's cash during the year.

Notes	2005/2006		2004/2005	
	£'000	£'000	£'000	£'000
REVENUE ACTIVITIES				
Cash Outflows				
	Cash paid to/on behalf of employees	20,853		19,524
	Housing Benefit	10,511		9,371
	NCC Precept	47,152		44,843
	Norfolk Police Precept	7,145		6,674
	NDR Pool	26,638		26,076
	Capital Receipts Pool	3,839		6,121
	Housing Subsidy	688		3,381
	Other operating cost	42,048		35,676
			158,874	151,666
Cash Inflows				
	Rent (after rebates)	(6,592)		(6,753)
	Council Tax	(52,718)		(51,195)
	NDR Payers	(27,521)		(25,521)
	NDR Pool	(4,261)		(4,590)
	Revenue Support Grant	(7,755)		(7,676)
	DWP grants for rebates	(19,605)		(18,158)
	Goods and Services	(8)		0
	Housing Subsidy	0		0
	Other operating income	(48,022)		(41,199)
			(166,482)	(155,092)
Page 26 Note 2	Revenue activities net cashflow		(7,608)	(3,426)
SERVICING OF FINANCE				
	Interest Paid	1,876		1,881
	Interest Received	(148)		(191)
			1,728	1,690
CAPITAL ACTIVITIES				
Cash Outflow				
	Purchase of fixed assets	18,253		13,151
Cash Inflow				
	Sale of fixed assets	(6,571)		(9,101)
Page 26 Note 1	Capital grants	(3,825)		(2,701)
			7,857	1,349
	Net Cash (inflow)/outflow before financing		1,977	(387)
MANAGEMENT OF LIQUID RESOURCES				
	Net change in short-term deposits		3,600	0
FINANCING				
Cash Outflows				
	Repayments of amounts borrowed	38,199		18,851
Cash Inflows				
	New short-term loans	(44,065)		(18,554)
			(5,866)	297
Page 26 Note 3	Net Increase in cash		(289)	(90)

NOTES TO THE CASHFLOW STATEMENT

1 Grants

Capital Grants of £3,825,000 (2004/2005 £2,701,000) include Disabled Facility Grants £336,000 (£379,300), Sport England £317,514 (£50,000), Green Spaces £3,950 (£7,900), Sure Start £36,594 (£853,600), East of England Development Agency £0 (£1,818,600), Heritage Lottery Fund £651,318 (£176,400), Norfolk County Council £45,803 (£0), Hunstanton Town Council £56,000 (£0) and other Agencies £318,816 (£407,000), with the balance being the movement in capital debtors.

Revenue Grants, included within other operating income, include Supporting People Grant £810,200 (2004/2005 £796,000), Sure Start Revenue Grant £716,629 (£696,000), Community Safety £182,740 (£172,000), Leader plus funding £3,646 (£67,000) and Homelessness Grant £50,000 (£50,000). Other smaller grants have also been received in the year, or are included within the movement in debtors.

2 Reconciliation of Revenue Cashflow

This note reconciles the movement in the Council's fund balances to the movement in cash used for the provision of revenue services.

	2005/2006		2004/2005	
	£'000	£'000	£'000	£'000
(Surplus) / Deficit for the Year				
Consolidated Revenue Account		(360)		(140)
Housing Revenue Account		(8)		(62)
Collection Fund Account		23		(40)
Working Capital Movements				
Increase/(Decrease) in debtors	687		(2,005)	
Increase/(Decrease) in stocks	(147)		(248)	
(Increase)/Decrease in creditors	(4,618)		793	
		(4,078)		(1,460)
Non-cash Movements				
Transfers to/from balances	(6,967)		(8,787)	
Other adjustments	3,782		7,063	
		(3,185)		(1,724)
Revenue Activities Net Cashflow		(7,608)		(3,426)

3 Financing Movements

This note shows the overall movement in cash between years.

	31 st March		Movement	
	2006 £'000	2005 £'000	2005/2006 £'000	2004/2005 £'000
Cash Balances	(813)	(1,102)	289	90

NOTES TO THE CASHFLOW STATEMENT

4 Analysis of Net Debt

This statement reconciles changes in cash to the movement in net debt

	1 st April 2005 Opening £'000	Movement £'000	31 st March 2006 Closing £'000
Cash	(1,102)	289	(813)
Investments	30,108	4,975	35,083
Loans	(30,045)	(5,866)	(35,911)
Net Debt	<u>(1,039)</u>	<u>(602)</u>	<u>(1,641)</u>
Reconciliation of changes in cash to movement in debt:			
Change in cash (from cash flow statement)			289
Movement on investments including capitalisation			4,975
Movement on Short-term loans			(5,870)
Movement on Long-term loans			4
Movement in net debt			(602)
Net debt 1 st April 2005			(1,039)
Net debt 31 st March 2006			<u>(1,641)</u>

5 Financing and Management of Liquid Resources

This statement is a reconciliation of items shown within Financing and Management of Liquid Resources to the opening and closing balance sheet.

	1 st April 2005 Opening £'000	Movement £'000	31 st March 2006 Closing £'000
Short-Term Deposits	0	3,600	3,600
Short-Term Loans	(5,131)	(5,870)	(11,001)
Long-Term Loans	(24,914)	4	(24,910)
	<u>(30,045)</u>	<u>(2,266)</u>	<u>(32,311)</u>
Management of Liquid Resources		3,600	
Financing		(5,866)	
		<u>(2,266)</u>	

○ Introduction

On 1st April 1990 the Borough Council became a charging authority responsible for the operation of a Collection Fund. The account was originally established to deal with community charge collection but since 1st April 1993, with the introduction of council tax, it now deals with payments of non-domestic rates, council tax, including parish precepts and community charge.

The account pays out monies to Norfolk County Council, the Borough Council and Norfolk Police Authority in respect of precepts. It also pays a cost of collection allowance to the Borough Council for the collection of non-domestic rates and refunds of over payments to community chargepayers, council taxpayers and non-domestic ratepayers.

Monies due from non-domestic ratepayers are paid into the Fund and then transferred into a National Pool.

The Borough Council has the responsibility for balancing the Collection Fund and as the billing authority is also responsible for collecting all amounts due.

Any surplus or deficit on the Collection Fund relating to the community charge is reflected in the council tax raised for Borough Council purposes.

Any surplus or deficit on the Fund relating to the council tax is divided between the Borough and County Councils and Norfolk Police Authority in the same proportion as their precepts on the Fund.

From 2004/2005, the surplus on funds reflects the balance owing on second homes on council tax and also an uncommitted amount to be drawn down in future years.

The following pages show full details of the working of the accounts.

COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

This statement shows the detail of monies paid into and out of the Collection Fund

Notes	2005/2006		2004/2005	
	£'000	£'000	£'000	£'000
	INCOME			
		27,429		26,142
	52,582		50,849	
	8,356		7,823	
		60,938		58,672
		88,367		84,814
	EXPENDITURE			
Page 30 Note 2		27,024		26,076
	45,537		43,951	
	6,927		6,556	
	5,172		5,012	
	1,401		1,337	
		59,037		56,856
	218		118	
	1,615		892	
	100		100	
	208		208	
	18		94	
	170		430	
		2,329		1,842
		88,390		84,774
		(23)		40
		2,121		2,081
Page 30 Note 5		2,098		2,121

NOTES TO THE COLLECTION FUND

1 General

These accounts represent the transactions of the Collection Fund, which is a statutory fund separate from the main accounts of the Council. The Collection Fund has been prepared on an accruals basis.

2 Income from Non-Domestic Rates

The Council collects non-domestic rates for its area which are based on local rateable values multiplied by a nationally set rate. The total amount, less certain reliefs and other deductions, is paid to a central pool (the NDR pool) managed by Central Government, which in turn pays back to authorities their share of the pool based on a standard amount per head of the local adult population. The account records the collection of monies from non-domestic ratepayers and the payment to the NDR pool but not the income received from the pool, which is paid directly to each Council's revenue account. Under these arrangements the amounts included in the 2005/2006 accounts can be analysed as follows:

	2005/2006	2004/2005
	£'000	£'000
Non-domestic rateable value (£81m) multiplied by basic rate (42.2p)	34,102	30,705
Less: Allowances and other adjustments	(7,078)	(4,629)
Net Contribution to NDR pool	27,024	26,076

The Gross Non Domestic Rateable Value at 31st March 2006 was £79,722,496 (31st March 2005 £79,036,320) as disclosed in the Budget Book.

3 Irrecoverable Debt

In 2005/2006 irrecoverable debt was as follows:

	2005/2006	2004/2005
	£'000	£'000
Council Tax	170	430
NDR	18	94
Total	188	524

4 Council Tax

Each Council calculates the amount of its Council Tax by dividing its requirements for the year by its tax base.

The tax base is the number of dwellings in the area belonging to each valuation band, modified to take account of the multipliers applying to dwellings in each band and the discounts, reductions and proportion of the council tax which the Council expects to be able to collect.

Valuation Band	Range of values at 1 st April 1991	No of Chargeable Dwellings	Ratio to Band D	Band D Equivalent
A	*	81	59	45
A	Up to £40,000	18,022	69	12,015
B	£40,001 - £52,000	13,743	79	10,689
C	£52,001 - £68,000	11,121	89	9,886
D	£68,001 - £88,000	7,296	99	7,296
E	£88,001 - £120,000	3,721	11/9	4,548
F	£120,000 - £160,000	1,865	13/9	2,694
G	£160,001 - £320,000	769	15/9	1,281
H	More than £320,000	73	18/9	146
				48,600
Council tax base at 97% collection rate				47,142
Contributions in lieu				456
Total Council tax base at 97% collection rate				47,598

* entitled to a disabled relief reduction

The Council set a Band D council tax of £108.67 for its services. In addition special expenses under section 34(1) of the Local Government Finance Act 1992, totalling £347,600 and parish precepts totalling £1,053,690 were levied, averaging £22.12 for a Band D property. Norfolk County Council set a precept of £45,537,007 representing a Band D Charge of £956.70 and Norfolk Police Authority set a precept of £6,926,937 representing a Band D Charge of £145.53. Reductions are made, in accordance with Government regulations, for persons on lower incomes (Council Tax Benefit). The reduction is reimbursed by Central Government.

5 Share of Balance

The balance of the Collection Fund at 31st March 2006 stands at £2,097,770 (2004/2005 £2,120,674). This amount is shared as follows:

	2005/2006	2004/2005
	£'000	£'000
Borough Council	300	251
Borough Council – second homes	23	0
Norfolk County Council	1,297	1,634
Norfolk County Council – second homes	231	0
Norfolk Police Authority	247	236
Total	2,098	2,121

STATEMENT OF ACCOUNTING POLICIES

General Section 41 and 42 of the Local Government and Housing Act 1989 requires all expenditure of a local authority to be accounted for in accordance with “proper practice”.

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting, and the CIPFA Best Value Accounting Code of Practice (BVACOP) 2005, both issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and also the guidance notes issued by CIPFA on the application of accounting standards (SSAPs and FRSs). Any variations from these guidelines are referred to in the accounting policies or notes to the accounts.

Bad Debt Provision General Fund

The following percentages determine the level of Bad Debt Provision,

	%
Up to 30 days	0
31 – 60 days	5
61 - 90 days	10
3 – 6 months	15
6 – 12 months	20
In excess of 12 months	50

Collection Fund

The respective Bad Debt Provisions are determined using the following percentages:

Council Tax

Prior Years	}	(Pre 2002/2003)	100.0%
		(2002/2003)	75.0%
		(2003/2004)	50.0%
Previous Year		(2004/2005)	10.0%
Current Year		(2005/2006)	1.5%

NNDR

Prior Years	(Pre 2004/2005)	100%
Previous Year	(2004/2005)	50%
Current Year	(2005/2006)	33%

Charges to Revenue General Fund service revenue accounts, the Housing Revenue Account, central support services and statutory trading accounts include a capital charge for all fixed assets used in the provision of services. The total charge covers the annual provision for depreciation plus a capital financing charge determined by applying a specified notional rate of interest (3.5% for Operational and Non-Operational assets and 4.95% for Infrastructure and Community Assets) to net asset values. The aggregate charge to individual services is determined on the basis of the capital employed in each service.

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

STATEMENT OF ACCOUNTING POLICIES

For the Housing Revenue Account the adjustment to the Asset Management Revenue Account effectively leaves the actual interest charged to the HRA in accordance with Government regulations.

Amounts set aside from revenue for the repayment of external loans, to finance capital expenditure or as transfers to other earmarked reserves are disclosed separately as appropriations, on the face of the Consolidated Revenue Account, below net operating expenditure.

Capital Receipts Capital receipts from the disposal of assets are held in the Useable Capital Receipts Account and Capital Financing Reserve until such time as they are used to finance other capital expenditure or to repay debt. Interest on unspent capital receipts is credited to the General Fund and Housing Revenue Account according to regulations set by the Secretary of State.

It is currently the Council's policy to use capital receipts for funding the annual Capital Programme prior to making use of revenue reserves.

Costs of Support In accordance with current accounting practice, costs of support services have been fully allocated to all services on the basis of time spent by staff. The overheads of council offices have been allocated on the basis of floor area used by the various services, and follow staff allocations as the basis of their allocation.

Unapportionable overheads representing unused but unrealisable assets; pension payments for added years and early retirement are shown separately in the Consolidated Revenue Account, in accordance with the BVACOP.

Debtors and Creditors The accounts of the Council are maintained on an accruals basis in accordance with the Accounting Code of Practice and FRS18. That is, sums due to (or from) the Council during the year are included whether or not the cash has actually been received or paid in the year. An exception to this principle relates to electricity and similar quarterly payments which are charged at the date of the meter readings rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

Deferred Charges In 2004/2005, the Deferred Charges heading was removed from the Consolidated Balance Sheet following the designation of the new Intangible Fixed Assets category. If an authority incurs expenditure previously disclosed as a deferred charge, then it should be classified as either a tangible or an intangible fixed asset and be carried under that specific heading. If the expenditure does not result in the acquisition of an asset by the authority, it should be charged to revenue.

STATEMENT OF ACCOUNTING POLICIES

Depreciation Depreciation is provided for on all fixed assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- assets are depreciated in the year following acquisition
- assets are depreciated in the year of disposal
- depreciation is calculated using the straight-line method over 5 to 10 years for vehicle and plant and for other assets a rate as applicable
- the major repairs allowance (MRA) is used as a measure of depreciation for HRA assets.
- non-depreciable assets include land, non-operational investment properties and where the charge would be immaterial

Fixed Assets All expenditure over £6,000 on the acquisition, creation or enhancement of fixed assets is capitalised on an accruals basis in the accounts. Expenditure on fixed assets is capitalised, provided that the fixed asset yields benefits to the authority and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of fixed assets which is charged direct to service revenue accounts.

Fixed assets are valued every 5 years on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS). Fixed assets are classified into the groupings required by the Code of Practice on Local Authority Accounting.

During the year Resources & Performance and Culture & Recreation assets were revalued.

Assets involved	Last Dates for next Revaluation	
Regeneration (King's Lynn)	31 st March	2007
Regeneration (Other)	31 st March	2008
Environmental Health and Resources & Performance	31 st March	2009
Housing	31 st March	2010
Culture	31 st March	2011
Resources & Performance and Culture & Recreation	31 st March	2012

The timetable for revaluations has been revised to spread the number of valuations undertaken each year. Approximately 20% of assets will be revalued each year over a 5-year period.

STATEMENT OF ACCOUNTING POLICIES

All properties are valued by RICS qualified staff working for the Borough Council. In years between Council revaluations a review is conducted to establish that no significant diminutions in value have occurred. To date no such significant diminutions have been identified. New assets, and changes to assets values are recorded as and when they occur according to guidelines established by the Council.

Income from the disposal of fixed assets is accounted for on an accruals basis. Such income that has not been repaid to Central Government, under the Capital Receipts Pooling regime which came into force on 1st April 2004, and has not been used, is included in the balance sheet as useable capital receipts.

All movements in fixed assets during the year are identified. The movement of assets between the classes of fixed asset recorded in the balance sheet are shown as restatements. These movements include for example assets previously classified as other land and building which are being redeveloped and therefore non operational during this period.

Government Grants Where the acquisition of a fixed asset is financed either wholly or in part by a Government grant or other contribution, the amount of the grant or contribution is credited initially to the Government Grants-Deferred Account. Amounts are released to the Asset Management Revenue Account over the useful life of the asset to match the depreciation charged on the asset to which it relates. Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with, and there is reasonable assurance that the grant or contribution will be received.

Interest Interest payable on external borrowing, together with interest income is accrued and accounted for in the period into which it relates.

Investments All investments managed by fund managers have been recorded in the accounts at market value, the remaining are recorded at cost.

Leases Rentals payable under operating leases are charged to revenue on a straight line basis over the term of the lease.

Pensions Employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme which is a funded defined benefits scheme administered by Norfolk County Council. The pension costs that are charged to the Council's accounts in respect of these employees are equal to the contributions paid to the pension scheme for employees. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

The pension costs included in the accounts in respect of these schemes have been determined in accordance with relevant Government regulations.

The Council paid an employer's contribution of 15.8% of superannuable employees' reckonable pay into Norfolk County Council's Superannuation Fund. The costs of inflation awards (Pensions Increase Act payments) to pensioners of the Fund, are met by the Fund.

STATEMENT OF ACCOUNTING POLICIES

Any payments, including the costs of inflation, arising from discretionary awards made by the Council are paid separately and charged to the services in which pensioners were working before retirement.

The Council complies fully with the requirements of FRS17 (as detailed in the Local Authority Statement of Recommended Practice). The requirements represented a substantial change to the way that retirement benefits are accounted for and reflected in the financial statements. Previous policy was to recognise liabilities in relation to retirement benefits only when employer's contributions became payable to the pension fund or payments fell due to the pensioners for which we were directly responsible. The new policies better reflect our commitment in the long-term to increase contributions to make up any shortfall in attributable net assets in the pension fund.

Following the adoption of FRS 17 Retirement Benefits principles in the SORP, the Council's accounting policies for retirement costs were revised significantly in 2003/2004. In previous years, the Council treated the employer's contributions amounts payable to the Norfolk County Council Pension Fund as its expenditure for the year and only accrued for amounts payable to the Fund that had not been paid by 31st March.

The new policy is to recognise the full liability that the Council has for meeting the future cost of retirement benefits that will arise from years of service earned by employees up to the balance sheet date, net of the contributions paid into the Fund and the investment income they have generated.

Charges to service revenue accounts are now based on a share of current service cost (the increase in future benefits arising from service earned in the current year) rather than employer's contributions. In addition, the policy for accounting for discretionary benefits awarded on early retirement has changed from recognising pension payments as part of Unapportionable Central Overheads when they eventually become payable to debiting (as past service costs) the projected cost of discretionary awards to Non Distributed Costs in the year that the award decision is made.

Redemption of Debt The current policy of the Council is to review the opportunities for reducing external debt by reducing external investments. This will only take place when market rates make the resulting outcome beneficial to the Council. The Council constantly monitors the financial benefit of this policy.

STATEMENT OF ACCOUNTING POLICIES

Earmarked Reserves & Provisions Earmarked reserves are voluntary amounts set aside for expenses that are likely to be incurred at a future date.

Provisions are compulsory and must be provided for at the point a liability arises eg. provision for debts unlikely to be collected.

Capital accounting has required the establishment of two reserve accounts in the Consolidated Balance Sheet:

- the Fixed Asset Restatement Account, which represents principally the balance of the surpluses or deficits arising on the periodic revaluation of fixed assets.
- the Capital Financing Account, which represents amounts set aside from revenue resources or capital receipts to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.

Stocks and Work in Progress Stocks are valued at the latest price paid. This is a departure from the requirements of the Code and SSAP 9, which require stocks to be shown at actual cost or net realisable value, if lower. Currently given low inflation, the effect on the accounts is not material.

Work-in-progress on uncompleted jobs is valued at cost.

1. Scope of Responsibility

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

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

2. The Purpose of the system of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been put in place at the Council for the year ended 31 March 2006 and up to the date of approval of the annual report and accounts.

3. The Internal Control Environment

The key elements of the Council's internal control environment are:

Elements of Internal Control	The Council does this through:
(a) Establishing and monitoring the achievement of the Council's objectives	<ul style="list-style-type: none"> • Corporate Strategy • Service Plans • Employee Objectives • TEN – Performance Management • Corporate Consultation • LSP – West Norfolk Partnership
(b) The facilitation of policy and decision-making	<ul style="list-style-type: none"> • The Council Constitution provides the framework for its decision making processes and sets out the detailed procedures and Codes of Conduct for Members and Officers • Meetings open to the public and publishing Cabinet Forward Plan of Key Decisions • Scheme of delegation
(c) Ensuring compliance with established policies, laws and regulations – including how risk management is embedded in the activity of the Council, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their Council and duties	<ul style="list-style-type: none"> • Monitoring Officer • TEN Risk Management • Corporate Risk Register • Code of Corporate Governance • Standards Committee • Management Team quality reviews of risk register • Cabinet reports • Service Planning

STATEMENT ON INTERNAL CONTROL

<p>(d) Ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness as required by the Best Value duty</p>	<ul style="list-style-type: none"> • Performance monitoring • PI's • Direction of Travel Statement • Use of Resources Assessment • Value for Money Self-Assessment • Internal Audit • Efficiency Unit • Programme & Project Managers • Training and support • Procurement Strategy
<p>(e) The financial management of the Council and the reporting of financial management</p>	<ul style="list-style-type: none"> • Section 151 Officer • Regular Monitoring Reports (monthly) • Internal Audit • Financial Regulations • Contract Standing Orders • Delegated Authority
<p>(f) the performance management of the Council and the reporting of performance management</p>	<ul style="list-style-type: none"> • Appraisal system • Improved performance reporting in the last 12 months • Progress in delivering Corporate Priorities • 'How do we compare' document • Scrutiny Panels • Improvement Plans (Development Control/Use of Resources/Direction of Travel) • Resources and Performance Panel quality review of PI's • Management Team quality review of KPI's

4. Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of its internal auditors and executive managers within the Authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes:

- **The Council**

As set out in standing orders, the Council is responsible for, amongst other things, adopting the Council's policy and financial frameworks and determining which executive arrangements will be in

place. In this respect, the revised corporate strategy was approved by Council at its meeting on the 27th April 2006.

- **The Cabinet**

Standing orders set out the roles and responsibilities of Cabinet, including delivery of services, implementation of policies and the determination of key decisions within the budgetary framework.

All Cabinet reports take into account any risk from the proposals being considered, highlighting either how the action will reduce risk, or how inaction may increase risk to the service. In addition, each recommendation from Cabinet includes a short section as to why the decision was necessary, which is a further opportunity to explain how the risks identified in the report are to be managed.

- **The Audit Committee/ Overview and Scrutiny Committee/ Risk Management Committee**

The Council's January 2006 Cabinet was informed that guidance had been received from the Audit Commission and CIPFA as regards the Member overview and scrutiny of the audit function who had both recommended that all Councils had an Audit Committee. The report considered how the Council currently met the guidance and sought Members' views as to whether and how the Council's audit review function might be strengthened in order to meet this latest guidance. It was recommended that the Council's Resources and Performance Panel should act as the Council's Audit Body. This was supported by the Council's External Auditor who was present for this item. Discussions are currently taking place as to the precise form this will take, for agreement during the 2006-07 financial year.

- **Internal Audit**

The Council has an Internal Audit section, which reports through the Chief Internal Auditor (CIA) to the S.151 Officer and works closely with the Monitoring Officer, and is responsible for reviewing and testing the adequacy and effectiveness of the Council's system of internal control.

The work of the section is in accordance with the professional standards of the Accountancy bodies, the Institute of Internal Auditors and the Chartered Institute of Public Finance & Accountancy (CIPFA) in particular. As a CIPFA member, the Chief Internal Auditor is bound by the code of professional ethics of that Institute.

Internal Audit's Strategic and Annual Audit Plans are produced by considering corporate risks, including, but not confined to, financial risk. This uses an approach agreed with other Councils belonging to the Norfolk Audit Partnership (the Borough Council, with Norfolk County Council, North Norfolk District Council and Great Yarmouth Borough Council).

The Internal Auditors provide an independent opinion on the adequacy and effectiveness of the systems of internal control. As part of this, the CIA has direct access to the Deputy Chief Executive and Head of Finance and Resources, in particular, for meeting the requirements of Section 151 of the Local Government Act 1972 and to the Council's Leader and Chief Executive, if appropriate.

Audit recommendations have, for some time, included a priority rating (high, medium or low). Since late 2002, reports have also included an overall assessment of "Very Good", "Good", "Acceptable" or "Not Acceptable" and these are collectively used to advise Members of the overall standing of the systems of control for the purposes of Corporate Governance.

Final audit reports are issued to the appropriate Head of Service, in order to ensure that senior management is aware of any system weaknesses and to provide them with some of the tools by which they can be improved. A copy of all audit reports is issued to the appropriate Head of Service and is copied to the relevant Portfolio Holder(s) for information. Each audit report is

discussed with the appropriate manager(s) and an action plan, complete with responsible officer names and target dates for completion, agreed. There is also a process of follow up audit reviews.

Any audit report that is assessed as not acceptable is submitted to the Management Team as part of the performance management process. Internal Audit report on progress towards meeting the requirements of high priority recommendations included in Service Plans to the Corporate Management Team.

- **Other Explicit Review/Assurance Mechanisms**

The Borough Council underwent its Comprehensive Performance Assessment (CPA) in July 2003, being classified 'Good'. Central to this process was the development of an Improvement Plan that set out the actions the Council would take to address the areas for improvement highlighted by the CPA process. This CPA Improvement Plan has been embedded within the Council's corporate strategy as the 'Performance' section - so the two are one and the same thing. This shows the council's commitment to improvement and helps to avoid the proliferation of strategic action plans.

From the 2004/05 financial year, Service Plans have been directly linked to the Council's corporate objectives and are also required to positively consider the risks against delivery of the outcomes. In addition, we will use our electronic performance management system to highlight any high priority recommendations received by a service.

A revised and updated Whistleblowers Charter was issued to staff during 2003/04, which provides a mechanism for all staff and members to raise concerns about any issues or concerns they may have about probity.

The Council has two primary roles acting as whistleblowers, the 151 Officer function under the Deputy Chief Executive and Head of Finance and Resources and the Monitoring Officer function under the Head of Central Services. These posts currently sit within the Council's Corporate Management Team and have direct access to the Members of the Authority and so are able to act with a degree of independence from the Corporate Management Team.

The Council's external Auditors have been advised on the implications of the results of the review of the system of internal financial control by the Council and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Monitoring Officer deals with a range of legal, governance and probity issues, including ensuring that the Council acts within the law and policy and to report to the Council where it is believed that the Council is acting outside the law or policy. The Monitoring Officer is also responsible for Standards issues and for the management of the Council's Standards Committee as well as the principal point of liaison with the Standards Board for England. The Council has an active Standards Committee with an Independent Chair and parish and independent members as well as elected members who have looked at key probity issues including development of protocols for the recently completed housing transfer to Freebridge.

5. Progress Made During 2005/2006

The Corporate Strategy was developed early in the life of the current administration and adopted by Council in October 2003 and is revised annually. Our ambition throughout has been to deliver quality services that represent value for money whilst keeping levels of Council tax at or below the rate of inflation.

Some of our relevant achievements during 2005/2006 included:

- Delivered a major efficiency programme through the efficiency, commercialisation and procurement projects.

STATEMENT ON INTERNAL CONTROL

- Extended Procurement offers contracts for a further two years to 2008. Savings of £320,000 exceed the target of £200,000.
- Prepared for the completion of the Large Scale Voluntary Transfer of our housing stock (actually completed 3rd April 2006) and the staff who support that function.
- Undertaken a comprehensive restructure of the Council's management.
- Met the government's IEG targets including the provision of a new transactional web site.
- Updated the Risk Register.
- Provided a summary version of Financial Regulations – 'Money Matters' prepared for distribution to Service Managers.
- Set up an Efficiency Team which is working well especially in Planning.
- Regular cost reconciliation and budget monitoring continuing.
- Produced the 2004/2005 accounts and gained an unqualified audit opinion as part of the fastest closure of the accounts ever carried out by the Council.
- Updated the Financial Regulations and Contract Standing Orders of the Council.

Last year we said we would address five key areas for improvement, and progress against these is summarised below:

Area for Improvement	Progress
The Council will continue to implement the Corporate Strategy and CPA Improvement Plan, including roll-out of the use of the electronic performance management system to provide 'real time' monitoring of progress against objectives in the areas listed under 'performance management' above	New corporate strategy in place. Ongoing
Quarterly exception reports will highlight areas where progress is not forthcoming, together with commentary and remedial action proposed by the relevant Head of Service. These will be considered by Management Team and then reported to Cabinet and Portfolio meetings together with Management Team's recommendations. Success will also be celebrated where significant progress has been made, or where the priorities have been achieved.	In place and ongoing: <ul style="list-style-type: none"> • Celebration event held in April following Housing Transfer to Freebridge • Exec Summary and KPI's to Management Team quarterly
The Council will be working towards the preparation of a business continuity plan, and work is already underway to scope this work.	Ongoing: <ul style="list-style-type: none"> • Scoping stage completed
The Council is actively preparing for the transfer of its housing stock to Freebridge Housing Association following a 'yes' vote amongst tenants. It is anticipated that this will be completed within the 2005/06 financial year. The council sees this as major priority over the year and has made significant resources available through focusing staff capacity to ensure the LSVT occurs smoothly without a drop in services. Progress is monitored weekly by SMT.	Completed April 2006
The self-assessment criteria that underpin this statement of internal control will be input into our electronic performance management system during 2005, as this will allow us to maintain 'live' reporting of the council's position against these criteria.	Completed and implemented through the TEN performance management system

This represented a massive and challenging programme for any Council of our size. That all of these priorities have been met or are close to completion at a time during which the organization itself has been restructured and downsized, (105 posts, including 50% of the Senior Management

posts) represents a year of exceptionally successful achievement. Inevitably the sheer scale and complexity of the programme of work required to deliver on these priorities has severely strained the organisation's managerial capacity. We recognise however, that there are still areas for improvement for 2006-07 as shown below.

6. Significant Internal Control Issues

The Council has not identified any significant weaknesses in its systems of internal control. As stated in their report, the external auditors are satisfied that in all significant respects, the Council have made proper arrangements to meet the requirements of the criteria issued by the Audit Commission for the assessment of the Use of Resources in nine of the twelve areas.

The Council has worked to address the matters leading to the auditors' qualification in the remaining three areas identified for the period 2005/2006. These are highlighted below, together with the arrangements that are now in place to ensure the Council has adequate arrangements to meet these criteria.

- The body has put in place arrangements to maintain a sound system of internal control.

The auditors recommended the formation of an audit committee or the designation of the core functions of an audit committee to an existing member group. They also recommended the consideration of the Statement on Internal Control, and the sources of assurance to support it, by a member group, which should be separate to any consideration of the annual accounts.

The responsibilities of an Audit Committee have been given to the Resources and Performance Panel and training has been arranged for its members.

The Statement of Internal Control was considered by the Resources and Performance Panel on 15th June 2006 as a separate item, and separate to any consideration of the annual accounts.

- The body has put in place arrangements to manage its significant business risks.

The auditors recommended that the Council should update the Corporate Risk Management Strategy and maintain and review a register of corporate business risks, linking them to strategic objectives. They also recommended assignment of responsibility for risk management to a specific member committee.

A new Corporate Strategy was adopted by the Council in April 2006 which incorporated new priorities for the Council, including improved risk management. This is also now reflected in the individual service plans throughout the Council. The Council has improved risk management through 'TEN', its performance management system. It has a Risk Strategy and Risk Register in place and these are now reported to Management Team and members every six months.

- The body has put in place arrangements for the management of its asset base.

The auditors recommended that the Council should update the asset register, including reconciliation of property services and accountancy records. They also recommended approving a revised asset management plan.

Work to refresh the Council's asset management plan is scheduled for autumn 2006, following the Property Section's role in the housing transfer and transfer of the sewage treatment works.

In addition to the above, a number of areas for improvement have also been identified in the CPA Use of Resources Assessment, and our own audit reports, including:

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- Assignment of responsibility for risk management to a specific member committee and include this in its terms of reference.

Needs to go to the Resources and Performance Panel. To be determined during 2006/2007.

- The formation of procedure notes/manuals for all of the Council's business critical systems.

To be incorporated as part of the review of systems through internal audit or the efficiency team.

Each Head of Service will nominate a principal officer within their area to form part of the corporate task group which will be established to take forward the preparation of the detailed Business Continuity Plan for the Council.

- The undertaking of pro-active counter fraud and corruption work.

A position statement will be reported to Management Team during 2006 which will identify potential areas for improvement.


- The Council should communicate its Whistleblowing Policy to its contractors.

To be dealt with during 2006/2007.

- Address High Priority recommendations from Audit Reports.

Address the NORA Internal Audit report (June 2006) and other High Priority recommendations monitored through TEN by the Management Team.

By order of the Council

(Signed)  Leader of the Council Date: 19th June 2006

(Signed)  Chief Executive Date: 19th June 2006

Opinion on the Financial Statements

We have audited the financial statements for the year ended 31 March 2006 under the Audit Commission Act 1998. The financial statements comprise the Consolidated Revenue Account, the Housing Revenue Account, the Collection Fund, the Consolidated Balance Sheet, the Statement of Total Movements in Reserves, the Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out within them.

Respective Responsibilities of the Chief Financial Officer and Auditors

The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005 are set out in the Statement of Responsibilities for the Financial Statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

This report, including the opinion, has been prepared for and only for the Borough Council of King's Lynn and West Norfolk's members as a body in accordance with the Audit Commission Act 1998 and for no other purpose as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005, the financial position of the Council and its income and expenditure for the year.

We review whether the Statement on Internal Control reflects the Council's compliance with CIPFA's guidance "The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003" published on 2 April 2004. We report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider whether the Statement on Internal Control covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

We read the other information published with the financial statements and consider whether it is consistent with the audited financial statements. This other information comprises only the explanatory foreword. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with International Standards on Auditing (United Kingdom and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting

policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005, the financial position of the Borough Council of King's Lynn and West Norfolk as at 31 March 2006 and its income and expenditure and cash flows for the year then ended.

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

Council's Responsibilities

The Council 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 regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the Council is required to prepare and publish a best value performance plan summarising the Council's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Auditor's Responsibilities

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Council 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 in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. We report if significant matters have come to our attention which prevent us from concluding that the Council has made such proper arrangements. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We are required by section 7 of the Local Government Act 1999 to carry out an audit of the Council's best value performance plan and issue a report:

- certifying that we have done so;
- stating whether we believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Qualified Conclusion

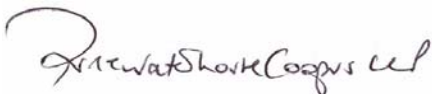
We have undertaken our audit in accordance with the Code of Audit Practice and we are satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in July 2005, in all significant respects, the Borough Council of King's Lynn and West Norfolk made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2006 except for the failure to put in place arrangements for the management of its asset base, to maintain a sound system of internal control and to manage its significant business risks.

Best Value Performance Plan

We issued our statutory report on the audit of the Council's best value performance plan for the financial year 2005/06 on 25 November 2005. We did not identify any matters to be reported to the Council and did not make any recommendations on procedures in relation to the plan.

Certificate

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



**PricewaterhouseCoopers LLP
Norwich**

Date: 29th September 2006

Balances	Working balances are needed to finance expenditure in advance of income from precepts and grant. Any excess may be applied, at the discretion of the authority, to reduce the Council Tax precept or to meet unexpected costs during the year. Balances on holding accounts and funds are available to meet expenditure in future years without having an adverse effect on revenue expenditure.
Budget	A statement of the income and expenditure plan of the Council over a specified period. The most common is the annual Revenue Budget expressed in financial terms which can include other information, e.g. number of staff.
Capital Expenditure	Payments made for the acquisition or provision of assets of long-term value to the authority - e.g. land, buildings and equipment.
Capital Financing	The raising and application of money to pay for capital expenditure. Usually the cost of capital assets is met by borrowing but capital expenditure may also be financed by other means such as leasing or contributions from the revenue accounts, the proceeds of the sale of capital assets, capital grants, and other contributions.
Capital Grants	Grants from the Government or other bodies towards capital expenditure on a specific service or project.
Capital Reserves	An internal account used as an alternative to external borrowing to finance capital expenditure.
Current Assets	Assets whose value tends to vary on a day to day basis. It is reasonable to expect that assets under this head in a balance sheet would be consumed or realised during the next accounting period e.g. stocks, cash and bank balances, debtors.
Current Expenditure	Expenditure on the day-to-day running of services - i.e. total revenue expenditure excluding debt charges and other capital financing costs.
Current Liabilities	Those amounts which will become payable or could be called upon within the next accounting period e.g. creditors, cash overdrawn.
General Fund	The main revenue fund of a Council into which is paid the precept and Government grants and from which is met the cost of providing services.
Government Grants	Payments by Central Government towards local authority expenditure. They may be specific e.g. Housing Benefits or general e.g. Revenue Support Grant.
Housing Advances	Loans by an authority to individuals towards the cost of acquiring or improving their homes.
Housing Benefit	Subsidy payments from the Government to persons on low income to reduce rent and/or Council Tax payments due to the Council or private landlords.
Housing Revenue Account	An account maintained separately from the General Fund for the recording of income and expenditure relating to the provision of council housing.

Intangible Assets	Intangible items may meet the definition of an asset when access to the future economic benefits is controlled by the Council, either through custody or legal protection. Intangible items include software licences and housing nomination rights.
Irrecoverables	Amounts due from debtors finally deemed lost to an authority and written out of the accounts.
Outturn	The actual level of expenditure and income in a particular year.
Precepts	The charge made by County, Police, Borough and Parishes on the Collection Fund to meet their net expenditure.
Rateable Value	The notional annual rental value of a premise to which the rate poundage is applied to determine the rates payable.
Rate Levy/Rate	The number of pence in the pound which is applied to the rateable value to determine the rates.
Renewals Reserve	An account an authority can establish to meet the cost of replacing and renewing its vehicles, plant and equipment.
Revenue Contributions to Capital	The use of revenue monies to finance capital expenditure instead of financing the expenditure from loan, capital receipts or by lease.
Revenue Expenditure	Expenditure on day-to-day expenses - principally employees, running expenses of buildings and equipment and capital financing charges.
Revenue Support Grant	A grant paid by Central Government to aid local authority expenditure generally.
Trading Operations	Services which are operated partly or wholly on commercial lines, eg markets.
Transferred Debt	The amounts in the Council's Balance Sheet which are still owed to or by other bodies to repay the debt outstanding on assets transferred to or from those authorities. (See Transferred Services).
Transferred Services	Those services which were once administered by one authority but which, for a variety of reasons, have been transferred into the control of another authority. It is sometimes necessary for the original authority to continue to repay loans, and this expenditure, together with associated costs, is then recovered from the authority to which the services have been transferred. (See Transferred Debt).