



As Deputy Chief Executive and Head of Finance and Resources I am responsible for the accounts and am pleased to report that in 2006/2007, once again the Council delivered its services within budget. At the year-end of 31st March 2007 the Council is positioned well to deliver on its longer term financial plan 2007/2011.

I am pleased to state that I am satisfied that these accounts present fairly the financial position of the Council at 31st March 2007 and its income and expenditure for the year.

My thanks to all those that played a part, especially in a year which has seen many changes, not least the transfer of housing stock to Freebridge Community Housing and major office moves as part of the refurbishment of the ground floor.

DEPUTY CHIEF EXECUTIVE & HEAD OF
FINANCE & RESOURCES

8th June 2007

**"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 28th June 2007.

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

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

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STATEMENT OF RESPONSIBILITIES

○ The Council's Responsibilities

The Council 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 2007.

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 2007, and its income and expenditure for the year then ended.



David Thomason
Deputy Chief Executive / Head of Finance &
Resources
8th June 2007

○ **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 2007.

The form of the Statement of Accounts for 2006/2007 represents a substantial change from the statements produced in 2005/2006 and earlier years. The focus of the 2005/2006 Statement of Accounts was the Consolidated Revenue Account, which had the dual role of setting out the Council's financial performance as measured in accordance with proper accounting practices and determining the net expenditure to be charged against council tax in the year. The new statements disaggregate the Consolidated Revenue Account (and the Statement of Total Movement on Reserves) to produce a different set of statements, each with a single clear objective.

- **Income and Expenditure Account (I&E)** – a summary of the resources generated and consumed by the Council in the year.
- **Statement of the Movement on the General Fund Balance** – a reconciliation showing how the resources generated/ consumed in the year links in with the statutory requirements for raising council tax.
- **Statement of Total Recognised Gains and Losses (STRGL)** – demonstration of how the movement in net worth in the Balance Sheet is linked to the I&E Account surplus/deficit and to other unrealized gains and losses.

There are also changes to the format of the Housing Revenue Account, to bring it in line with the new single entity format. The Housing Revenue Account now comprises:

- Housing Revenue Account Income & Expenditure Account.
- Statement of Movement of the Housing Revenue Account Balance.

(Whilst the Council's housing stock was transferred in April 2006 to Freebridge Community Housing, there are still residual transactions being dealt with. So far, no date has been fixed to close the Housing 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 36 to 40 and various notes to the accounts. Within the Balance Sheet on page 11, the balance shown for the Collection Fund represents the Borough Council's element. The balances for Norfolk County Council & Norfolk Police Authority are shown as owing under creditors.

○ **Summary of Accounts 2006/2007**

The Council at its budget meeting of 27th February 2006 set a budget of £20,326,000 with an intention to contribute £32,000 to its General Fund Balances.

The outturn position for the year shows expenditure of £20,261,000 adding a sum of £65,000 to balances. All that can be seen on page 8 is the movement on the General Fund Balance. The outturn position is incorporated within the net operating position shown on page 6, Income and Expenditure Account.

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 £729,000.

EXPLANATORY FOREWORD

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 £1,124,000 in 2006/2007.

○ **Overall Financial Position 2006/2007**

The Statement of Accounts indicates that the Council's financial health remains good at the end of 2006/2007. 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 2006/2007**

Whilst the creation of Freebridge Community Housing in April 2006 had the most significant impact on the organisation of the Council in 2006/2007, other major influences on the accounts during 2006/2007 were:

- The roll out of recycling wheelie bins, at a cost of £1m, replacing green boxes.
- The funding of neighbour teams for public cleansing.
- The impact of the costs of concessionary travel where the concession changed from 50% to 100%, free travel.

Target savings confirmed in 2006/2007 for productivity and procurement were £355,000.

EXPLANATORY FOREWORD

○ Capital

During 2006/2007 the Council spent £16,082,445 on capital projects.

Major areas of spending were:

- Transfer of sewage treatment works to Anglian Water £3,792,989
- Refuse vehicles £1,077,894 and recycling bins £1,023,441
- Renovation grants for private sector housing £1,680,475
- Refurbishment of sports pavilions £675,238 and Oasis Leisure Centre £522,693
- Regeneration schemes £1,394,549
- Council information centre £913,882

○ Summary of Capital Expenditure

Scheme	Expenditure in 2006/2007							2005/2006
	Regener- ation £'000	Environ- ment £'000	Resour- ces £'000	Health £'000	Housing £'000	Community £'000	Total £'000	Total £'000
Civic Halls						66	66	53
Council Housing							0	3,098
Council Offices			1,063				1,063	275
Council Depots			28				28	1,774
Industrial Estates	22						22	49
Private Housing							0	22
Renovation Grants					1,680		1,680	1,469
Recreation Centres			12			1,401	1,413	644
Tourism/Recreation Areas		11	27			104	142	427
Hunstanton Improvements						123	123	186
Vehicles/Equipment		2,488	137		7	72	2,704	650
Information Technology			751				751	1,122
King's Lynn Visual Image	16	57				14	87	13
Greyfriars Tower	591						591	563
Regeneration Schemes	1,060		335				1,395	1,843
Town Centre							0	4,386
Car Parks	129						129	4,573
Cycleways							0	50
Sea Walls						30	30	0
Crematorium/Churches & Cemeteries				932			932	93
Community Facilities		47				226	273	430
Access to Council Buildings			1				1	85
The Walks						625	625	0
Theatres						199	199	0
Sewage Treatment Works					3,788		3,788	0
Other	6	9	22			3	40	66
Total	1,824	2,612	2,376	932	5,475	2,863	16,082	21,871

Details of how this expenditure has been financed are given at note 7, page 18 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 Council comply with recommended accounting practices and are set out on pages 36 to 40.

EXPLANATORY FOREWORD

○ General Fund

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

	2006/2007		2006/2007	
	Original Budget		Actual	
	£'000	£'000	£'000	£'000
Balance brought forward		1,516		1,537
Expenditure in the year	(20,294)		(20,261)	
Budget Requirement	<u>20,326</u>		<u>20,326</u>	
Surplus for year		32		65
Balance carried forward		<u>1,548</u>		<u>1,602</u>

○ Current Borrowing Facilities

In March 2006 the Council's borrowing limit for 2006/2007 was established at £43 million, with the upper limit on fixed interest loans set at £43 million and the upper limit on variable rate loans set at £20 million. In March 2007 the limits for both short term and variable rate loans were changed, with the borrowing limit reduced to £21 million. This reflects the effect of the housing stock transfer which took place on 3 April 2006.

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.

INCOME AND EXPENDITURE ACCOUNT

EXPLAINING THIS STATEMENT

This account summarises the resources that have been generated and consumed in providing services and managing the Borough Council during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

The 2005/2006 figures have been restated to take account of changes introduced by the 2006 SORP and are therefore different to the figures published in the 2005/2006 Statement of Accounts.

The main changes are:

- the removal of notional interest from the net cost of services
- the inclusion of net gain on the disposal of fixed assets within net operating expenditure
- the removal of appropriations line from net cost of services (now included within the Statement of Movement on the General Fund Balance)

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

		2006/2007 Gross Expenditure £'000	2006/2007 Gross Income £'000	2006/2007 Net Expenditure £'000	Restated 2005/2006 Net Expenditure £'000
Note	Revenue Services				
	Culture & Related Services	7,471	3,453	4,018	3,875
	Environmental Services	8,372	5,081	3,291	4,019
	Planning & Development Services	5,451	4,787	664	139
	Highways, Roads & Transport Services	2,100	2,941	(841)	(1,011)
	Housing General Fund	37,896	37,187	709	1,791
	Central Services to Public	1,959	1,254	705	717
	Corporate & Democratic Core	5,265	936	4,329	2,911
	Non-Distributed Costs	220	0	220	400
	Net Cost of General Fund Services	68,734	55,639	13,095	12,841
Page 29	Housing Revenue Account	117,150	12,588	104,562	(1,185)
	Net Cost of Services	185,884	68,227	117,657	11,656
	Precepts of Parish Councils			1,148	1,054
	Internal Drainage Boards			2,378	2,302
Page 13 Note 1	Trading Operations			1,124	789
	Interest Payable & Similar Charges			1,196	2,260
	Contribution of Housing Capital Receipts to Government Pool			106	3,414
	Interest and Investment Income			(1,673)	(1,523)
Page 15 Note 10	Pensions Interest Cost & Expected Return on Pensions Assets			(320)	430
	Gains disposal assets			(3,316)	0
	Net Operating Expenditure			118,300	20,382

INCOME AND EXPENDITURE 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.

	2006/2007 Net Expenditure	Restated 2005/2006 Net Expenditure
Revenue Services	£'000	£'000
Net Operating Expenditure	118,300	20,382
Demand on Collection Fund	(6,792)	(6,673)
General Government Grants	(2,190)	(7,755)
Non-Domestic Rates Redistribution	(11,738)	(3,984)
Deficit	97,580	1,970

GENERAL FUND - STATEMENT OF MOVEMENT ON GENERAL FUND BALANCE

EXPLAINING THIS STATEMENT

The Income and Expenditure Account shows the council's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Council is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- The payment of a share of housing capital receipts to the Government scores as a loss in the Income and Expenditure Account, but is financed from the usable capital receipts balance rather than council tax.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund Balance compares the Council's spending against the council tax that is raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

The reconciliation statement summarises the difference between the outturn on the Income and Expenditure Account and the General Fund Balance.

	2006/2007	2005/2006
	£'000	£'000
Deficit for the year on the Income and Expenditure Account	97,580	1,970
Net additional amount to be (credited) to the General Fund Balance	(97,645)	(2,330)
Increase in General Fund Balance	(65)	(360)
General Fund Balance brought forward	(1,537)	(1,177)
General Fund Balance carried forward	(1,602)	(1,537)

GENERAL FUND - STATEMENT OF MOVEMENT ON GENERAL FUND BALANCE

Note of reconciling items for Statement of Movement on General Fund Balance

	2006/2007		2005/2006
	£'000	£'000	£'000
Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the General Fund Balance			
Amortisation of intangible fixed assets	(11)		(13)
Depreciation and impairment of tangible fixed assets	(114,954)		(5,122)
Government grants deferred amortisation	14,299		985
Write downs of deferred charges to be financed from capital resources	(4,665)		(1,133)
Net gain on sale of fixed assets	3,316		0
Net charges made for retirement benefits in accordance with FRS 17	(2,420)		(3,300)
Lump sum payment to fund pension liabilities	(1,030)		0
		(105,465)	(8,583)
Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the Movement on the General Fund Balance			
Revenue provision for capital financing	28		469
Capital expenditure charged in-year to the General Fund Balance	3,990		4,341
Usable capital receipts funding housing capital receipts paid to the government pool	(106)		(3,414)
Employer's contributions payable to the Norfolk County Council pension fund and retirement benefits payable direct to pensioners	4,900		2,990
		8,812	4,386
Transfers to or from the General fund Balance that are required to be taken into account when determining the Movement on the General Fund Balance			
Housing Revenue Account surplus / (deficit)	(91)		8
Major Repair Reserves	0		3,961
Net transfer to / from earmarked reserves	(901)		(2,102)
		(992)	1,867
Net additional amount required to be credited to the General Fund Balance		(97,645)	(2,330)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

EXPLAINING THIS STATEMENT

This statement brings together all the gains and losses of the Council for the year and shows the aggregate increase in its net worth. In addition to the surplus generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits.

	2006/2007	2005/2006
	£'000	£'000
Deficit for the year on the Income and Expenditure Account	97,580	1,970
(Surplus) / loss on fixed assets	4,428	(11,528)
Actuarial (gains)/losses on pension fund assets and liabilities	(10,520)	590
Collection Fund (surplus)	(89)	(72)
Total recognised (gains)/losses for the year	91,399	(9,040)

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 the General Fund, Housing Revenue and Collection Fund.

Note	2006/2007		2005/2006	
	£'000	£'000	£'000	£'000
Page 17 Notes 1 to 5	Fixed Assets			
		369		244
	Intangible Fixed Assets			
	Tangible Fixed Assets			
	Operational Assets			
		58	127,502	
		59,697	64,629	
		5,011	2,890	
		304	331	
		2,176	419	
		67,246	195,771	
	Non-Operational Assets			
		31,029	23,279	
		22,593	22,223	
		53,622	45,502	
	Total Tangible Assets		120,868	241,273
	Total Fixed Assets		121,237	241,517
Page 20 Note 12	Long term investments	32,672		31,483
Page 21 Note 14	Long term debtors	712		756
	Total Long Term Assets	154,621		273,756
	Current Assets			
Page 21 Note 15	Stock and work-in progress	110	235	
Page 21 Note 16, 17	Debtors	5,994	9,255	
Page 20 Note 12	Short Term Investments	0	3,600	
	Total Current Assets	6,104	13,090	
	Current Liabilities			
Page 22 Note 19	Short term borrowing	(4,202)	(11,001)	
Page 21 Note 18	Creditors	(13,717)	(14,587)	
	Bank	(1,194)	(813)	
		(19,113)	(26,401)	
	Net Current Assets/Liabilities	(13,009)		(13,311)
	Total Assets less Current Liabilities	141,612		260,445
Page 22 Note 20	Long Term Borrowing	(9,000)		(24,910)
Page 22 Note 21	Deferred Capital Receipts	(106)		(156)
Page 18 Note 8	Government Grants Deferred	(12,531)		(11,005)
Page 23 Note 25	Pension Liability	(14,600)		(27,600)
		105,375		196,774
Page 19 Note 9	Fixed Asset Restatement Account	35,186	128,300	
Page 19 Note 10	Capital Financing Account	73,591	81,709	
Page 23 Note 25	Pension Reserve	(14,600)	(27,600)	
Page 22 Note 22	Useable Capital Receipts	75	75	
Page 31 Note 2	Major Repairs Reserve	0	2,329	
Page 35 Note 5	Collection Fund	412	323	185,136
	Fund Balances & Reserves			
Page 8	General Fund	1,602	1,537	
Page 29/30	Housing Revenue Account	729	820	
Page 26 Note 26	Earmarked Reserves	8,380	9,281	11,638
		105,375		196,774

CASH FLOW STATEMENT

EXPLAINING THIS STATEMENT

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

Notes	2006/2007		2005/2006	
	£'000	£'000	£'000	£'000
REVENUE ACTIVITIES				
Cash Outflows				
	Cash paid to/on behalf of employees	17,855		20,853
	Housing Benefit	23,436		10,511
	NCC Precept	48,448		47,152
	Norfolk Police Precept	7,437		7,145
	NDR Pool	30,351		26,638
	Capital Receipts Pool	1,030		3,839
	Housing Subsidy	0		688
	Other operating cost	41,535		42,048
			170,092	158,874
Cash Inflows				
	Rent (after rebates)	(289)		(6,592)
	Council Tax	(55,403)		(52,718)
	NDR Payers	(30,375)		(27,521)
	NDR Pool	(11,738)		(4,261)
	Revenue Support Grant	(2,190)		(7,755)
	DWP grants for rebates	(31,107)		(19,605)
	Goods and Services	(19)		(8)
	Housing Subsidy	(1,322)		0
	Other operating income	(39,345)		(48,022)
			(171,788)	(166,482)
Page 27 Note 2	Revenue activities net cash flow		(1,696)	(7,608)
SERVICING OF FINANCE				
	Interest Paid	1,433		1,876
	Interest Received	(484)		(148)
			949	1,728
CAPITAL ACTIVITIES				
Cash Outflow				
	Purchase of fixed assets	16,996		18,253
	Set up costs stock transfer	1,394		
	Other costs stock transfer	57		
	Interest penalty debt redemption	1,230		
Cash Inflow				
	Sale of fixed assets	(20,913)		(6,571)
Page 27 Note 1	Capital grants	(4,433)		(3,825)
			(5,669)	7,857
	Net Cash (inflow)/outflow before financing		(6,416)	1,977
MANAGEMENT OF LIQUID RESOURCES				
	Net change in short-term deposits		(3,600)	3,600
FINANCING				
Cash Outflows				
	Repayments of amounts borrowed	35,357		38,199
Cash Inflows				
	New short-term loans	(24,960)		(44,065)
			10,397	(5,866)
Page 27 Note 3	Net Decrease/(Increase) in cash		381	(289)

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

1 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. The increase in costs primarily in Sport management represents the inclusion of costs, primarily depreciation, formerly included within Culture and Related Services, page 6.

	2006/2007 Gross Expenditure £'000	2006/2007 Gross Income £'000	2006/2007 Net Expenditure £'000	2005/2006 Gross Expenditure £'000	2005/2006 Gross Income £'000	2005/2006 Net Expenditure £'000
Housing Maintenance	14	0	14	4,868	4,672	196
Grounds Maintenance	1,028	1,017	11	1,021	1,078	(57)
Public Cleansing	1,175	1,164	11	1,052	1,059	(7)
Sport Management	2,740	1,652	1,088	2,291	1,634	657
Total	4,957	3,833	1,124	9,232	8,443	789

2 Publicity Expenditure

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

In 2006/2007 the sum of £219,929 was spent (£271,618 in 2005/2006), this covers publicity campaigns not directly connected with the Council's facilities i.e. promotion of the Borough in general. Of this amount, £179,876 (£241,114 in 2005/2006) relates to staff recruitment advertising, and the balance of £40,053 (£30,504 in 2005/2006) relates to other general publicity expenditure.

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

3 Agency Income and Expenditure

Grass cutting is carried out, on behalf of the County Council and the Commonwealth Graves Commission, by the Borough Council on an agency basis. Also, a Care & Repair agency is carried out on behalf of Fenland and Breckland Councils. Income received in 2006/2007 was £78,372 (£59,028 in 2005/2006). The service is provided at cost; hence the expenditure incurred in providing the service is equal to the income earned. 2005/2006 figures have been adjusted for Care & Repair, these were previously excluded.

4 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.

	2006/2007	2005/2006
£50,000 - £59,999	3	5
£60,000 - £69,999	5	4
£70,000 - £79,999	0	1
£80,000 - £89,999	1	1
£90,000 - £99,999	0	0
£100,000 - £109,999	1	1

5 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 2006/2007 was £111,910 (2005/2006 £373,369).

The Council is committed to making payments of £69,559 under these leases in 2007/2008 comprising the following elements:

	£
Leases expiring in 2007/2008	38,223
Leases expiring between 2008/2009 and 2011/2012	31,336
Leases expiring after 2012/2013	0
	<u>69,559</u>

6 Revenue Provision

The Council is required by statute to charge the General Fund with a minimum amount for the repayment of external debt (as explained within the Statement of Accounting Policies on page 36). The 2006/2007 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.

	2006/2007	2005/2006
	£'000	£'000
Revenue Provision for Repayment of Debt	28	469
Depreciation charged to HRA	6	3,961
Contributions from HRA	(6)	(3,961)
	28	469

From 2006/2007 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.

7 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 £19,189. This related to the provision of printing services to parishes and colleges. (2005/2006 £7,504).

8 Members Allowances

The total paid to members of the Council in 2006/2007 under the Local Authorities (Members Allowance) (Amendment) Regulations 1995 was £322,147 (£316,538 in 2005/2006). Further details can be obtained from Personnel Services (01553 616529).

9 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 Income and Expenditure Account and Cash Flow statement. Goods and services supplied by member related businesses are £81,428 (£5,554 in 2005/2006). Grants awarded to organisations on which Councillors and Senior Officers have an interest totalled £135,097 (£172,051 in 2005/2006). It should be noted that in 2005/2006 the Leader of the Council was reimbursed £23,358 for legal fees, as approved by Council – no equivalent payment was made to a member/officer in 2006/2007.

NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

10 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 Standard 17). 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 General Fund in the Statement of Movement on General Fund Balance. The following transactions have been made in the Accounts during the year:

Local Government Pension Scheme	2006/2007		2005/2006	
	£'000	£'000	£'000	£'000
<i>Net Cost of Services:</i>				
Current Service Cost	(2,520)		(2,470)	
Past Service Cost	(220)		(400)	
Unfunded Benefits	250		240	
		(2,490)		(2,630)
<i>Net Operating Expenditure:</i>				
Interest Cost	(5,450)		(5,060)	
Expected Return On assets In The Scheme	5,770		4,630	
		320		(430)
Lump Sum Payment *		(2,200)		0
<i>Amounts to be met from Government Grants and Local Taxation:</i>				
Movement On Pensions Reserve		(280)		310
<i>Actual amount charged against Council Tax for Pensions in the Year</i>				
Employers' Contributions Payable To Scheme		(4,650)		(2,750)

* As part of the Housing Stock Transfer the Council made a payment of £2.2m into the pension fund. This was done to prevent an increase in the past service cost element, which would have impacted on Council Tax levels in future years. Of this sum, £1.2m has been financed by revenue receipts (VAT Shelter) and £1m from the Revenue Contribution to Capital Outlay (RCCO). The latter to be repaid once more VAT Shelter money is received in 2007/2008.

Further information on retirement benefits can be found in note 25 to the balance sheet on page 23.

11 Contingent Liability

The Council has been informed by Freebridge Community Housing that there is a potential pay claim to be made from a group of employees that, if successful and back dated pre-housing transfer, will have an impact on the Council. An estimate of the financial impact is currently unknown.

NOTES TO THE INCOME AND EXPENDITURE 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 £46,950 at 31st March 2007 (£129,310 at 31st March 2006). Non-chargeable activities are a charge against the General Fund.

	Chargeable 2006/2007 £'000	Non - Chargeable 2006/2007 £'000	Total Building Control 2006/2007 £'000	Chargeable 2005/2006 £'000	Non - Chargeable 2005/2006 £'000	Total Building Control 2005/2006 £'000
Expenditure						
Employee	430	181	611	440	154	594
Premises	0	0	0	18	7	25
Transport	28	8	36	32	8	40
Supplies & Services	64	13	77	56	16	72
Central Services	88	53	141	43	26	69
Total Expenditure	610	255	865	589	211	800
Income						
Building Regs	526	0	526	545	0	545
Miscellaneous	2	80	82	5	74	79
Total Income	528	80	608	550	74	624
Surplus/(Deficit)	(82)	(175)	(257)	(39)	(137)	(176)

13 Disclosure of Audit Costs

In 2006/2007 the Borough Council incurred the following fees relating to external audit and inspection:

	2006/2007 £'000	2005/2006 £'000
Fees payable in regard to external audit services carried out by appointed auditor	148	117
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	32	35
Fees payable in respect of other services provided by the Audit Commission	1	1
Total	191	163

NOTES TO THE CONSOLIDATED BALANCE SHEET

1 Analysis of Asset Movement 2006/2007

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	Infra-structure Assets £'000	Community Assets £'000	Intangible Assets £'000	Total £'000
Gross value as at 1 st April 2006	148,530	65,609	5,371	23,315	22,280	616	420	329	266,470
Gross Capital Expenditure/Additions	0	4,939	3,488	22	730	80	1,214	136	10,609
Disposals	(35,466)	(4,066)	(267)	0	(695)	0	0	0	(40,494)
Revaluations	24	(4,927)	(630)	7,801	340	(80)	543	0	3,071
Impairment	(113,030)	0	0	0	0	0	0	0	(113,030)
Gross value as at 31st March 2007	58	61,555	7,962	31,138	22,655	616	2,177	465	126,626
Depreciation b/fwd as at 1 st April 2006	21,028	980	2,481	36	57	285	1	85	24,953
Amortisation	0	0	0	0	0	0	0	11	11
Depreciation for year	0	1,208	611	73	5	27	0	0	1,924
Depreciation on Disposals	(21,028)	(321)	(141)	0	0	0	0	0	(21,490)
Depreciation on Revaluations	0	(9)	0	0	0	0	0	0	(9)
Total Depreciation as 31st March 2007	0	1,858	2,951	109	62	312	1	96	5,389
Net value as at 31st March 2007	58	59,697	5,011	31,029	22,593	304	2,176	369	121,237
31st March 2006	127,502	64,629	2,890	23,279	22,223	331	419	244	241,517

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	Infrastructure Assets £'000	Community Assets £'000	Intangible Assets £'000	Total £'000
Valued at Historical Cost	0	1,489	3,423	11	3,249	616	2,177	72	11,037
Value at current value in:									
2006/2007	58	13,120	1,894	26,592	2,613	0	0	136	44,413
2005/2006	0	38,062	434	0	3,970	0	0	8	42,474
2004/2005	0	322	0	794	12,708	0	0	121	13,945
2003/2004	0	8,562	2,211	7	8	0	0	128	10,916
2002/2003	0	0	0	3,734	107	0	0	0	3,841
	58	61,555	7,962	31,138	22,655	616	2,177	465	126,626

NOTES TO THE CONSOLIDATED BALANCE SHEET

3 Analysis of Fixed Assets

	31 st March	
	2007 (Nos)	2006 (Nos)
Council Dwellings	2	6,860
Town Halls	2	2
Offices	3	4
Depots and Workshops	2	3
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	111
Commercial Property (shops)	4	13
Land associated with the Buildings listed above (excluding Parks)	975 acres	975 acres
Land awaiting development	162 acres	167 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 36 - 40.

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 (EUV);
- 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, as well as The Walks, an area of park land.

6 Summary of Capital Expenditure

	2006/2007 £'000	2005/2006 £'000
Fixed Assets	10,609	20,402
Deferred Charges	5,473	1,469
Total	16,082	21,871

7 Summary of Capital Financing

	2006/2007 £'000	2005/2006 £'000
Loans	0	1,261
Major Repairs Allowance	2,329	2,993
Grants & Third Party Contributions	4,321	2,966
Capital Receipts	6,196	12,000
Reserves	3,990	4,341
Creditors/Debtors	(754)	(1,690)
Total	16,082	21,871

8 Government Grants Deferred Account

	2006/2007 £'000	2005/2006 £'000
Balance brought forward 1st April	(11,005)	(9,360)
Grants & Contributions applied during the year	(15,825)	(2,630)
Grants & Contributions written down	14,299	985
Balance carried forward 31st March	(12,531)	(11,005)

NOTES TO THE CONSOLIDATED BALANCE SHEET

9 Fixed Asset Restatement Account

The Fixed Asset Restatement Account shows changes in the valuation of assets, including reductions when disposing of assets. A transfer to the Capital Financing Account has been made to match revaluation gains previously recognised in this account against the subsequent impairment of those assets.

	2006/2007 £'000	2005/2006 £'000
Balance brought forward 1st April	128,300	127,638
Disposal of Fixed Assets	(19,004)	(9,061)
Transfer to Capital Financing Account	(77,189)	0
Revaluation of Fixed Assets	3,079	9,723
Balance carried forward 31st March	35,186	128,300

10 Capital Financing Account

The Capital Financing Account contains the amounts which are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and the amount required to be charged to revenue to repay the principal element of external loans. See note 9 above for an explanation for the transfer from the Fixed Asset Restatement Account. Capital grants and contributions written down include £12,312,000 in respect of a contribution received from the Government for the repayment of overhanging debt following the transfer of the Council's housing stock to Freebridge Community Housing Association (the "LSVT"). See page 32, note 8 for further details.

	2006/2007 £'000	2005/2006 £'000
Balance brought forward 1st April	81,709	67,194
Capital Financing	12,516	19,334
Revenue Provision	28	469
Capital Grants and Contributions written down	14,299	985
Transfer from Fixed Asset Restatement Account	77,189	0
Deferred Charges written down	(4,665)	(1,133)
Depreciation and amortisation of fixed assets	(1,935)	(5,134)
Impairment	(113,030)	0
Repayment of Loans	7,480	(6)
Balance carried forward 31st March	73,591	81,709

NOTES TO THE CONSOLIDATED BALANCE SHEET

11 Future Commitments

Outstanding commitments for future capital expenditure at 31st March 2007 are estimated to be £ 28,510,000 (£28,263,000 in 2005/2006). Commitments are divided between schemes having legal contract and schemes which have not progressed to contract stage.

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

	Commitment Contractual	Commitment Non- Contractual
	31st March 2007	31st March 2007
	£'000	£'000
Disabled Facility Grants	381	2,146
Community Grants	0	421
Private Sector Housing / Energy Efficiency	198	2,473
Sewage Treatment Works / Bawsey Drain	0	375
Depots	0	1,762
Industrial Estate Refurbishment	15	1,773
Street Lighting	0	150
Public Conveniences	0	150
Car Parks	0	100
Regeneration Schemes	688	3,737
Conservation	0	95
Walks Urban Project	339	62
Parks and Open Spaces	0	308
Crematoriums & Cemeteries	292	429
Leisure & Arts	42	2,978
Community Centres	0	416
Civic Buildings	0	280
Offices	956	2,255
Office Equipment	130	1,610
Vehicles & Equipment	272	1,574
Refuse & Recycling	0	415
Staff	1,507	50
Other	0	131
TOTAL	4,820	23,690

12 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	
	2007	2006
	£'000	£'000
Long-term		
Fund Managers	22,659	31,470
Bonds	13	13
Banks	7,000	0
Building Societies	3,000	0
Long-term Investments	32,672	31,483
Short-term		
Banks	0	3,600
Building Societies	0	0
Short-term Investments	0	3,600
Total Investments	32,672	35,083

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

13 Deferred Charges

	2006/2007	2005/2006
	£'000	£'000
Balance brought forward 1 st April	0	0
Additions in Year	5,473	1,469
Written Down in Year	(5,473)	(1,469)
Balance carried forward 31 st March	0	0

NOTES TO THE CONSOLIDATED BALANCE SHEET

14 Long Term Debtors

	31 st March	
	2007	2006
	£'000	£'000
Local Authorities	332	349
Housing Advances	89	94
Housing Association	111	112
Council House Sales	106	156
Car loans to employees	4	19
Specific long term	70	26
Total	712	756

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

15 Stocks

	31 st March	
	2007	2006
	£'000	£'000
Stores	0	134
Nursery	37	25
Lynnsport	11	9
Swimming Pools	13	11
Office Services	10	8
Tourist Information	12	12
Other	27	36
Total	110	235

Stores items consist of stocks of UPVC windows and miscellaneous items – which from April 2006 were transferred to Freebridge Community Housing.

16 Short Term Debtors

These represent £4.415m Council debtors and £1.579m collection fund debtors, in total £5.994m.

	31 st March	
	2007	2006
	£'000	£'000
Local Authority Debtors		
Due within one year		
Government Departments	761	587
Housing Tenants	0	272
Stock Transfer	0	2,098
Prepayments	160	2,601
Rechargeable works	4	168
Sundry Debtors	1,357	1,229
Accrued Income	2,508	1,727
	4,790	8,682
Provision for doubtful debt	(375)	(785)
Total	4,415	7,897

17 Collection Fund Debtors

	31 st March	
	2007	2006
	£'000	£'000
Business Ratepayers	291	180
Provision for doubtful debts	(119)	(80)
Council Taxpayers	1,620	1,434
Provision for doubtful debts	(213)	(176)
Total	1,579	1,358

18 Creditors

	31 st March	
	2007	2006
	£'000	£'000
Government Departments	4,094	2,888
Inland Revenue	333	413
Other Local Authorities	221	255
Industrial Estate Deposits	230	229
Deferred Income	2,001	2,782
Sundry Creditors	3,445	6,245
Collection Fund – Fund Balances (County & Police)	3,393	1,775
Total	13,717	14,587

Please note creditor figures for 2005/2006 have increased to include Collection Fund Balances for Norfolk Police and County Council, formerly held within the overall Collection Fund balance.

NOTES TO THE CONSOLIDATED BALANCE SHEET

19 Short Term Borrowing

Temporary Loans outstanding at 31st March 2007.

Source of Loan	Balance Outstanding 31 st March	
	2007 £'000	2006 £'000
Banks	2,000	0
Local Authorities	2,100	1,000
PWLB	0	9,604
Other	102	397
Total	4,202	11,001

20 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 31 st March	
	2007 £'000	2006 £'000
Barclays	5,000	0
PWLB	0	5,410
Dexia Municipal Bank	0	7,500
Westdeutsche Landesbank	4,000	4,000
Depfa Bank Europe	0	8,000
Total	9,000	24,910

The analysis by maturity is as follows:

Repayable within	2007 £'000	2006 £'000
1 to 2 years	0	5,005
2 to 5 years	0	1,017
5 to 10 years	4,000	7,541
Over 10 years	5,000	11,347
TOTAL	9,000	24,910

21 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.

22 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	
	2007 £'000	2006 £'000
Balance in hand 1 st April	75	4,618
Receipts in year		
LSVT	15,690	0
Miscellaneous capital receipts	6,359	10,871
Capital receipts pool	(106)	(3,414)
Financing during the year		
LSVT costs and debt repayment *	(15,690)	0
Capital programme	(6,196)	(12,000)
Freebridge vehicle purchase	(57)	0
Balance in hand 31 st March	75	75

* See page 32, note 8 for further details.

23 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	
	2007 £'000	2006 £'000
General Fund	103,393	55,900
Housing Revenue Account	1,570	140,551
Collection fund	412	323
TOTAL	105,375	196,774

Net assets for 2005/2006 have been restated to reflect the collection fund element is just the Borough Council element.

NOTES TO THE CONSOLIDATED BALANCE SHEET

24 Related Parties - Debtors and Creditors

The debtors and creditors of related parties noted on page 14, note 9 are as follows

	31 st March	
	2007	2006
	£'000	£'000
Debtors		
Government Departments	761	3,040
Local Authorities	332	349
Creditors		
Government Departments	4,427	3,301
Public Authorities	3,614	2,030

Government Departments includes prepayments of PWLB from table 16 page 21. In 2005/2006 Public Authorities have been restated from Local Authorities to include collection fund balances for Norfolk County Council and Norfolk Police Authority.

25 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 10, page 15 to the Income and Expenditure Account contains details of the Council'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	
	2007	2006
	£'000	£'000
Estimated liabilities in scheme	(98,800)	(111,300)
Estimated assets in scheme	84,200	83,700
Net (Liability)	(14,600)	(27,600)

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £14.6m has a substantial impact on the net worth of the Council as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council 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 Income & Expenditure Account figures for the year to 31st March 2007 are calculated, based on a discount rate derived from corporate bond yields as at 31st March 2006 (which was 5.4% 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 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			
	2007	2006	2005	2004
	% p.a.	% p.a.	% p.a.	% p.a.
Rate of Inflation	3.2	3.1	2.9	2.9
Rate of Salary increases	4.7	4.6	4.4	4.9
Rate of Increase in Pensions, Payments and Deferred Pensions	3.2	3.1	2.9	2.9
Rate of Discounting Scheme Liabilities	5.4	4.9	5.4	6.5

NOTES TO THE CONSOLIDATED BALANCE SHEET

The fair value of each main class of asset held by the fund, as at the 31st March 2007, and the expected rate of return are as follows:

As at 31st March 2007			
Class of Fund Asset	Expected Return	Fair value of the Attributable Assets	Proportion of Assets held by the fund
	%	£'000	%
Equities	7.9	56,600	67
Bonds	4.9	12,300	15
Property	5.9	13,300	16
Cash	4.9	2,000	2
Total	7.1	84,200	100

As at 31st March 2006			
Class of Fund Asset	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

As at 31st March 2005			
Class of Fund Asset	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

In 2006/2007, pension costs have been charged to the Income & Expenditure Account. At 31st March 2007, the Council has the following overall assets and liabilities for pensions that have been included in the balance sheet.

Net Pension Asset at:	31st March		
	2007	2006	2005
	£'000	£'000	£'000
Estimated Employer Assets (A)	84,200	83,700	66,800
Present Value of Scheme Liabilities	(95,100)	(107,500)	(89,900)
Present Value of Unfunded Liabilities	(3,700)	(3,800)	(3,600)
Total Value of Liabilities (B)	(98,800)	(111,300)	(93,500)
Net Pension Liability (A+B)	(14,600)	(27,600)	(26,700)

The impact of this liability on the balance sheet is to reduce the Assets by £14.6m – 11.55% (£27.6m – 12.30% as at 31st March 2006).

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 2007.

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.

NOTES TO THE CONSOLIDATED BALANCE SHEET

The movement in net pension liability is as follows:

	2006/2007 £'000	2005/2006 £'000
Opening Net Pensions Liability	(27,600)	(26,700)
Expected Contributions	4,650	2,750
Actuarial losses	0	(590)
Actuarial gain	10,520	0
Unfunded Benefits	250	240
Current service cost	(2,520)	(2,470)
Past service cost	(220)	(400)
Net Return on Assets	320	(430)
Closing Net Pensions Liability	(14,600)	(27,600)

The Local Government Pension Scheme (LPGS) 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 made an allowance for 25% of future retirements to elect to take tax-free lump sums up to HMRC limits. They have also based life expectancy for non pensioners on the PMA/PFA 92 table, projected to 2017.

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.

	2007 £'000	2006 £'000	2005 £'000	2004 £'000	2003 £'000
Difference between expected and actual return on assets	(450)	11,900	2,560	7,221	(14,600)
	(0.5%)	14.2%	3.8%	12.3%	30.5%
	based on scheme assets				
Expected (losses) / gains arising on the scheme liabilities	5,510	(130)	(1,737)	42	490
	5.6%	(0.1%)	(1.9%)	0.1%	0.7%
	based on scheme liabilities				
Changes in financial assumptions underlying the present value of the scheme liabilities	5,460	(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%	0.0%	0.0%
Total Actuarial	10,520	(590)	(12,197)	7,263	(14,110)

NOTES TO THE CONSOLIDATED BALANCE SHEET

26 Earmarked Reserves

This represents the aggregate of reserves of the Council.

	1 st April 2006	2006/2007 Contributions to the General Fund	2006/2007 Contributions from the General Fund	Transfer	Fund Capital Programme	31 st March 2007
	£'000	£'000	£'000	£'000	£'000	£'000
(1) Amenity Areas	379	(35)	116	(2)	0	458
(2) Capital Programme Resources	2,485	(2,200)	2,417	869	(3,552)	19
(3) VAT Shelter Money	0	0	1,059	(1,059)	0	0
(4) Affordable Housing	1,035	(227)	1,918	(684)	0	2,042
(5) Town Centre Development	35	(32)	0	0	0	3
(6) Insurance Reserve	103	(53)	106	29	(31)	154
(7) Restructuring Reserve	301	(366)	249	66	0	250
(8) Renewals Reserve	913	(256)	51	(45)	(26)	637
(9) Repairs Reserve	1,016	(41)	345	144	(233)	1,231
(10) Holding Accounts	830	(396)	317	713	(42)	1,422
(11) Ring Fenced Reserves	164	(87)	205	1,216	0	1,498
(12) Planning Delivery Grant	305	(261)	0	0	(44)	0
(13) Local Public Service Agreement	100	(38)	0	0	0	62
(14) Housing Stock Transfer	465	(70)	305	(124)	0	576
(15) Other	1,150	(251)	314	(1,123)	(62)	28
	9,281	(4,313)	7,402	0	(3,990)	8,380

Note number

- (1) 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.
- (2) 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. Capital Reserve was used to fund pension contributions following the housing stock transfer. This reserve will be reinstated in 2007/2008.
- (3) VAT Shelter Money will be received over a 5year+ period and will be used to fund Capital Expenditure.
- (4) The Affordable Housing Reserve has been set up to hold contributions from developers and income from second homes to fund affordable housing schemes.
- (5) The Town Centre Development reserve was set up to offset any anticipated loss of income during the town centre redevelopment.
- (6) The Insurance Reserve was established to fund expenditure required as necessary by our Insurance Company and also to meet areas of risk management.
- (7) The Restructuring Reserve was established to meet the Government's modernising agenda.
- (8) Renewal Reserves are maintained for replacing vehicles, personal computers and office equipment. Annual contributions help to maintain the level of the funds.
- (9) Repairs Reserves have been established to help equalise the impact on the revenue accounts of programmed repairs.
- (10) Holding Accounts are reserves which reflect the over and under recovery of charges for departmental expenses.
- (11) 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.
- (12) Planning Delivery Grant was first received in 2003/2004 as an annual sum, for achieving various planning performance indicators.
- (13) Money for pump priming initiatives on service delivery, with Great Yarmouth Borough Council and Norfolk County Council.
- (14) The reserves were set up to deal with costs relating to the Housing Stock Transfer.
- (15) Other Earmarked Reserves include various specific reserves set up to equalise expenditure in the revenue accounts.

NOTES TO THE CASHFLOW STATEMENT

1 Grants

Capital Grants of £4,433,000 (2005/2006 £3,825,000) include Broomco £0 (£40,000), Countryside Agency £0 (£51,284), Disabled Facility Grants £251,000 (£336,000), East of England Development Agency £16,068 (£1,394,146), English Heritage £84,443 (£52,242), English Partnerships £49,180 (£0), Football Foundation £337,214 (£665,666), Heritage Lottery Fund £685,330 (£279,337), Hunstanton Town Council £0 (£56,000), Norfolk County Council £18,750 (£206,395), Safer, Stronger Communities Fund £970,000 (£0), Sport England £308,414 (£0), Supported Housing Capital Allocation £557,313 (£0), Sure Start £0 (£510,179), Sustain £0 (41,855) and other Agencies £84,944 (£40,477), with the balance being the movement in capital debtors.

Revenue Grants, included within other operating income, include Business Rates cost of collection Grant £205,000 (2005/2006 £205,050), Community Safety £69,890 (£182,740), DEFRA £113,476 (£42,889), Department for Work and Pensions – Performance Standards funding £301,278 (£177,496), Leader plus funding £0 (£3,646), Homelessness Grant £53,700 (£50,000), Planning Delivery Grant £110,953 (£348,404), Safer, Stronger Communities Fund £359,140 (£0), Supporting People Grant £393,326 (£810,200) and Sure Start Revenue Grant £0 (£716,629). Other smaller grants have also been received in the year, or are included within the movement in debtors.

2 Reconciliation of Revenue Cash Flow

This note reconciles the movement in the Council's Income & Expenditure Account and the Collection Fund to the movement in cash used for the provision of revenue services.

	2006/2007		2005/2006	
	£'000	£'000	£'000	£'000
(Surplus)/Deficit for the Year				
Income & Expenditure Account	97,580		1,970	
Collection Fund Account	(89)		23	
		97,491		1,993
Working Capital Movements				
Increase/(Decrease) in debtors	1,414		687	
Increase/(Decrease) in stocks	(125)		(147)	
(Increase)/Decrease in creditors	(266)		(4,618)	
		1,023		(4,078)
Non-cash Movements				
Transfers (from) balances	(6,320)		(6,967)	
Other adjustments	(93,890)		1,444	
		(100,210)		(5,523)
Revenue Activities Net Cash Flow		(1,696)		(7,608)

3 Financing Movements

This note shows the overall movement in cash between years.

	31 st March		Movement	
	2007 £'000	2006 £'000	2006/2007 £'000	2005/2006 £'000
Cash Balances	(1,194)	(813)	(381)	289

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 2006 Opening £'000	Movement £'000	31 st March 2007 Closing £'000
Cash	(813)	(381)	(1,194)
Investments	35,083	(2,411)	32,672
Loans	(35,911)	22,709	(13,202)
Net Debt	(1,641)	19,917	18,276
Reconciliation of changes in cash to movement in debt:			
Change in cash (from cash flow statement)			(381)
Movement on investments including capitalisation			(2,411)
Movement on Short-term loans			6,799
Movement on Long-term loans			15,910
Movement in net debt			19,917
Net debt 1 st April 2006			(1,641)
Net debt 31 st March 2007			18,276

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 2006 Opening £'000	Movement £'000	31 st March 2007 Closing £'000
Short-Term Deposits	3,600	(3,600)	0
Short-Term Loans	(11,001)	6,799	(4,202)
Long-Term Loans	(24,910)	15,910	(9,000)
	(32,311)	19,109	(13,202)
Management of Liquid Resources		(3,600)	
Financing		10,397	
Repayment of overhanging debt by Central Government post LSVT		12,312	
		19,109	

HOUSING REVENUE ACCOUNT – INCOME AND EXPENDITURE 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. The 2006/2007 accounts reflect residual costs and income following the Councils' transfer of its housing stock to Freebridge Community Housing Association on 3rd April 2006. This shows in more detail the income and expenditure on HRA services included in the whole Councils' Income and Expenditure Account.

The 2005/2006 figures have been restated to take account of changes introduced by the 2006 SORP and are therefore different to the figures published in the 2005/2006 Statement of Accounts. The main changes are:

- the removal of notional interest charges from the net cost of services
- the removal of the appropriation line from net cost of services (now included within the Statement of Movement on the HRA balance)

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.

	2006/2007 £'000	Restated 2005/2006 £'000
Income		
Dwelling rents	0	17,897
Non-dwelling rents	50	320
Government grants deferred	12,380	63
Charges for services & facilities	158	894
Contributions towards expenditure	0	680
Total Income	12,588	19,854
Expenditure		
Repairs & maintenance	51	5,976
Supervision & management	270	5,112
Rents, Rates, Taxes and Other Charges	0	35
Negative housing revenue account subsidy payable to Government	0	3,235
Depreciation & impairment of fixed assets	113,036	3,961
Debt Management Costs	0	51
(Decreased) Provision for Bad Debts	0	(51)
Deferred Charges written down	3,793	0
Total Expenditure	117,150	18,319
Net Cost of HRA Services per Council's Income & Expenditure Account	104,562	(1,535)
HRA services share of Corporate & Democratic Core	0	350
Net Cost of HRA Services	104,562	(1,185)
Contribution for Depreciation in excess of MRP	0	(3,961)
Interest payable & similar charges	0	483
Amortisation of premiums & discounts	0	491
Interest & investment income	(12)	(15)
(Surplus) or deficit for the year on HRA services	104,550	(4,187)

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HOUSING REVENUE ACCOUNT – STATEMENT OF MOVEMENT ON THE HRA BALANCE

Statement of movement on the HRA Balance

This shows how the HRA Income & Expenditure Account surplus or deficit for the year reconciles to the movement on the HRA balance for the year. Capital transactions are financed through reserves and taken to the capital financing account.

	2006/2007 £'000	Restated 2005/2006 £'000
(Surplus) or deficit for the year on HRA services	104,550	(4,187)
Net additional amount required by statute to be debited or (credited) to the balance for the year	(104,459)	4,179
(Increase) or decrease in the Housing Revenue Account Balance	91	(8)
Housing Revenue Account surplus brought forward	(820)	(812)
Housing Revenue Account surplus carried forward	(729)	(820)

Note to the Statement of movement on the HRA Balance

	2006/2007 £'000	2005/2006 £'000
Items included in the HRA Income & Expenditure Account but included in the movement on HRA balance for the year.		
Government grants deferred amortisation	12,380	63
Impairment of HRA fixed assets	(113,030)	0
Deferred charges written down	(3,793)	0
	(104,443)	63
Items not included in the HRA Income & Expenditure Account but included in the movement on HRA balance for the year		
Transfer to/(from) Reserves	(16)	4,116
	(16)	4,116
Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	(104,459)	4,179

NOTES TO THE HOUSING REVENUE ACCOUNT

1 Housing Stock

	2007	2006
Houses	2	2,985
Flats	0	1,691
Bungalows	0	2,184
Total	2	6,860

The total value of the stock at 31st March 2007 has been affected by depreciation and the disposal of stock mainly through the housing stock transfer. This is summarised in the table below. Impairment, a reduction in the recoverable amount reflects the impact of the receipt being less than the value of the housing stock in the balance sheet 31st March 2006.

	Operational Assets		
	Dwellings £'000	Other Land & Buildings £'000	Total HRA Assets £'000
Gross Value 01.04.06	148,530	1,496	150,026
Depreciation	0	(60)	(60)
Disposals	(35,466)	(1,230)	(36,696)
Revaluations	24	0	24
Impairment	(113,030)	0	(113,030)
Net Value 31.03.07	58	206	264

Depreciation Charge	2006/2007 £'000	2005/2006 £'000
Operational Assets		
Dwellings	0	3,924
Other Land and Buildings	6	37
Total HRA Depreciation Charge	6	3,961

The Council has retained two houses following the stock transfer, which are included in the accounts at social housing value. The vacant possession value at 1st April 2006 of the two dwellings held at 31st March 2007 was £101,750. The difference between the vacant possession value and the balance sheet value of £58,000 reflects the cost of 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.

	2006/2007 £'000	2005/2006 £'000
Balance as at 1 April	2,329	1,361
Transferred from CFA in full (equivalent to HRA depreciation)	0	3,961
Transfer (to) / from HRA:		
Depreciation on non-dwellings	(6)	(37)
(Excess) / Shortfall of depreciation on non-dwellings over the MRA	6	37
Financing of capital expenditure	(2,329)	(2,993)
Balance as at 31st March	0	2,329

3 Capital Expenditure

During 2006/2007 total capital expenditure within the HRA was £3,797,809 which was then financed from the Major Repairs Reserve and other capital reserve contributions. This compares with a capital spend of £3,144,486 in 2005/2006. The majority of this expenditure, £3,793,000, related to payments made on the disposal of the Council's sewage treatment works. This is treated as a deferred charge, fully amortised in the year, within the accounts.

4 Capital Receipts

In 2006/2007 the stock transfer generated a receipt of £15,690,080. Further receipts of £161,000 were received from the disposal of other land and property within the Housing Revenue Account (£5,207,643 in 2005/2006).

5 Housing Element of Subsidy

The Department of Communities and Local Government issued a special determination for the Borough Council following the housing stock transfer in April 2006. There is no subsidy entitlement for 2006/2007.

6 Rent Arrears

As part of the housing stock transfer to Freebridge Community Housing Association (FCH) it was agreed that all current tenant debt would be met by FCH and reimbursed to the Borough Council. There are therefore no rent arrears as at 31 March 2007.

The figures are as follows:-

Rent Arrears	2006/2007	2005/2006
	£	£
Current Tenants	0	272,306
Former Tenants	0	0
Total	0	272,306

7 Bad Debt Provision

There is no requirement for a provision for bad debt as at 31st March 2007 as all rent arrears have been recovered as detailed at note 6.

8 LSVT

INCOME	£'000	£'000
Proceeds from Freebridge Community Housing		15,690
EXPENDITURE		
Debt repaid	19,797	
Contribution from central government for debt repayment	(12,312)	
Premiums	4,713	
Costs of transfer	3,492	15,690
		<u>0</u>

The above table summarises the financial transactions associated with the capital receipt received in relation to the Council's transfer of housing stock to Freebridge Community Housing. Subsequent debt repayment was supplemented by a contribution from central government of £12,312,000. This has been released to the HRA income and expenditure account as government grant before being removed from the HRA balance in order to repay debt.

○ 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 charge-payers, 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 2005/2006, 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

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

Notes	2006/2007		2005/2006	
	£'000	£'000	£'000	£'000
INCOME				
		30,447		27,429
Non Domestic Ratepayers				
Council Tax	55,662		52,582	
Benefits	8,882		8,356	
		64,544		60,938
Total Income		94,991		88,367
EXPENDITURE				
Page 35 Note 2 Non Domestic Ratepayers Pool		30,036		27,024
Precepts and Demands				
Norfolk County Council	48,448		45,537	
Norfolk Police Authority	7,437		6,927	
Borough Council of King's Lynn & West Norfolk	5,085		5,172	
Parish / Special Expenses	1,582		1,401	
		62,552		59,037
Transfer surplus to Norfolk Police Authority	0		218	
Transfer surplus to Norfolk County Council	0		1,615	
Transfer surplus to BCKLWN	125		100	
Cost of Collection Allowance	205		208	
Non-Domestic Rates Write Offs & Bad Debt Provision	202		18	
Council Tax write offs and bad debt provision	164		170	
		696		2,329
Total Expenditure		93,284		88,390
Surplus / (Deficit)		1,707		(23)
Surplus b/fwd at 1 st April		2,098		2,121
Page 35 Note 5 Surplus c/fwd at 31st March		3,805		2,098

From 2006/2007, within the Balance Sheet for the Borough Council the figure for Collection Fund represents the Borough's proportion. The elements for Norfolk County Council and Norfolk Police Authority are shown as creditors within the Borough Council's Balance Sheet. The 2005/2006 comparatives have been re-stated to reflect this change.

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 Income and expenditure account.

	2006/2007	2005/2006
	£'000	£'000
Non-domestic rateable value (£81m) multiplied by basic rate (43.3p)	34,997	34,102
Less: Allowances and other adjustments	(4,961)	(7,078)
Net Contribution to NDR pool	30,036	27,024

The Gross Non Domestic Rateable Value at 31st March 2007 was £79,036,320 (31st March 2006 £79,722,496) as disclosed in the Budget Book.

3 Irrecoverable Debt

In 2006/2007 irrecoverable debt was as follows:

	2006/2007	2005/2006
	£'000	£'000
Council Tax	164	170
NDR	202	18
Total	366	188

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	*	82	59	46
A	Up to £40,000	18,157	69	12,104
B	£40,001 - £52,000	13,817	79	10,747
C	£52,001 - £68,000	11,256	89	10,005
D	£68,001 - £88,000	7,398	99	7,398
E	£88,001 - £120,000	3,816	11/9	4,664
F	£120,000 - £160,000	1,940	13/9	2,803
G	£160,001 - £320,000	801	15/9	1,335
H	More than £320,000	78	18/9	156
				49,258
Council tax base at 97% collection rate				47,780
Contributions in lieu				456
Total Council tax base at 97% collection rate				48,236

* entitled to a disabled relief reduction

The Council set a Band D council tax of £105.41 for its services. In addition special expenses under section 34(1) of the Local Government Finance Act 1992, totalling £435,130 and parish precepts totalling £1,147,540 were levied, averaging £32.81 for a Band D property. Norfolk County Council set a precept of £48,448,239 representing a Band D Charge of £1,004.40 and Norfolk Police Authority set a precept of £7,436,544 representing a Band D Charge of £154.17. 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 2007 stands at £3,805,280 (2005/2006 £2,097,770). This amount is shared as follows:

	2006/2007	2005/2006
	£'000	£'000
Borough Council	401	300
BC - second homes	11	23
Norfolk County Council	2,702	1,297
NCC - second homes	230	231
Norfolk Police Authority	437	247
NPA - second homes	24	0
Total	3,805	2,098

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) 2006, 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 FRs). 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		(2005/2006)	10.0%
Current Year		(2006/2007)	1.5%

NNDR

Prior Years	(Pre 2005/2006)	100.0%
Previous Year	(2005/2006)	50.0%
Current Year	(2006/2007)	33.0%

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. From 2006/2007 the total charge only includes depreciation. For 2005/2006 and previous years there was an element for notional interest. In the 2006/2007 accounts the 2005/2006 figures have been restated to show depreciation only.

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 in the Statement of Total Movement on the General Fund.

STATEMENT OF ACCOUNTING POLICIES

- Capital Receipts** Capital receipts from the disposal of assets are held in the Useable Capital Receipts Account until such time as they are used to finance other capital expenditure. Interest on unspent capital receipts is credited to the General Fund and Housing Revenue Account (up to 2005/2006) 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 Income and Expenditure 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** 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 Council, it should be charged to revenue.
- 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 the life of the asset
 - 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

STATEMENT OF ACCOUNTING POLICIES

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 Council 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, 5th Edition). Fixed assets are classified into the groupings required by the Code of Practice on Local Authority Accounting.

During the year Regeneration (King's Lynn) assets were re-valued.

Assets involved	Last Dates for next Revaluation	
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
Regeneration (King's Lynn)	31 st March	2013

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

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.

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 into the revenue accounts as the assets are depreciated. 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.

STATEMENT OF ACCOUNTING POLICIES

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.

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 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 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 is by charging (as past service costs) the projected cost of discretionary awards to

STATEMENT OF ACCOUNTING POLICIES

Non Distributed Costs in the year that the award decision is made. With the transfer of the Council's housing stock to Freebridge Community Housing Association, in excess of £3 million pension liability was paid off, relating to the employees transferred from the Council's to the Associations employ.

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.

Earmarked Reserves and 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 e.g. 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 2007 and up to the date of approval of the annual 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 and quarterly monitoring reports considered by Management Team and Members • Service Plans • Employee Objectives • TEN – performance management system • Corporate Consultation and citizens' panel • LSP – West Norfolk Partnership • Quarterly monitoring reports to LSP Management Group and Board
(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	<ul style="list-style-type: none"> • Monitoring Officer • TEN Risk Management • Corporate Risk Register and monitoring reports • Code of Corporate Governance

STATEMENT ON INTERNAL CONTROL

<p>the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their Council and duties</p>	<ul style="list-style-type: none"> • Standards Committee • Management Team quarterly reviews of risk register • Cabinet reports • Service Planning including service risk registers • Fraud and whistleblowing policies
<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 and quarterly monitoring reports • Direction of Travel Statement • Use of Resources Assessment • Value for Money Self-Assessment • Internal Audit • Improvement and Efficiency Unit • Programme & Project Management • Corporate project management procedures • Training and support • Procurement Strategy and procurement team • Benchmarking
<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 • Annual review of financial plan (Revenue and Capital) • Medium term (3 year) financial plan
<p>(f) the performance management of the Council and the reporting of performance management</p>	<ul style="list-style-type: none"> • Appraisal system for staff • Improved performance reporting in the last 12 months • Progress in delivering Corporate Priorities • Scrutiny Panels • Improvement Plans (Development Control/Use of Resources/Direction of Travel/Housing) • Resources and Performance Panel quarterly review of PI's • Management Team quarterly review of KPI's and monthly review of target PI's (executive Summary) • Data Quality strategy • Portfolio Holder monthly reviews of service plan delivery • Training and development

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 senior managers within the Council 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 on the 27th April 2006 and plans are in place, at the time of writing, for the development and publication of a new corporate strategy following the 2007 local elections.

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

The decision was taken to establish an Audit and Risk Committee in January 2006 and the Constitution amended to reflect the responsibility for performing this role being delegated to the Resources and Performance Panel. In practice, this has meant the formal creation of the Audit and Risk Committee, which is entirely comprised of members of the Resources and Performance Panel, which meets separately as the Audit and Risk Committee. The first formal meeting of this Committee was in September 2006 following a number of training sessions for Council Members (whilst this was targeted at Members of the Committee and regular substitutes, the sessions were open to all Members). Training was provided by both internal and external audit.

- **Internal Audit**

The Council has an Internal Audit section, which reports through the Chief Internal Auditor (CIA) to the Section 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", "Adequate" or "Not Adequate" and these are collectively used to advise the Audit and Risk Committee 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 and placed on the TEN performance management system for the benefit of Members of the Audit and Risk Committee. 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 'Inadequate' is submitted to 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 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 has been refreshed annually and shows the council's commitment to continuous improvement.

Since 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. These links are made through our electronic performance management system which we use to monitor and report on progress against service and corporate objectives and risks. These quarterly reports have been considered by the Council's Management Team and Cabinet. For the 2006/07 financial year improvements to the service plans included moving to a three-year plan, strengthening sections on data quality, performance and risk, and publishing these plans as 'live' through our electronic performance management system.

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 investigators for whistleblower allegations. These are the Section 151 Officer function of 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 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.

STATEMENT ON INTERNAL CONTROL

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.

5. Progress Made During 2006/2007

The Corporate Strategy was developed early in the life of the previous administration, adopted by Council in October 2003 and has been revised annually since. 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. This underpinning philosophy looks set to continue into the new administration as we currently work to produce a new corporate strategy for the next four years.

Some of our relevant achievements during 2006/2007 include:

- Establishing an Audit Committee which meets on a regular basis
- Updated the corporate risk register and introduced regular reporting
- Receiving an unqualified opinion on the accounts for 2005/2006
- No increase in Council Tax for 2006/07 and 2007/2008
- Housing inspection and improvement plan
- Gershion savings targets were achieved
- Completion of the refurbishment of Greyfriars Tower
- Commencement of the first phase of building on the Nar Ouse Regeneration Scheme
- Substantial improvement in the number of Best Value Performance Indicators showing improvement
- Improved service plans
- Equality schemes and work plan in place
- Adopted a Data Quality Strategy, developed a West Norfolk data observatory and underpinning data sharing protocols

Last year we said we would address the following key areas for improvement, of which 1-3 were drawn from the use of resources assessment. Progress against these is summarised below:

Area for Improvement	Progress
<p>1. The body has put in place arrangements to maintain a sound system of internal control.</p> <p>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.</p> <p>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.</p>	<p>The responsibilities of an Audit Committee have been given to the Resources and Performance Panel with full training given to members by external and internal audit. This is now fully operational as the Council's Audit and Risk Committee with separate agenda's and meetings.</p> <p>The Statement of Internal Control 2005/06 and 2006/07 was considered by the Resources and Performance Panel in June of that year, as a separate item, and separate to any consideration of the annual accounts.</p>

STATEMENT ON INTERNAL CONTROL

<p>2. The body has put in place arrangements to manage its significant business risks.</p> <p>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.</p>	<p>A refreshed 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 updated and reported to Management Team and members on a regular basis.</p>
<p>3. The body has put in place arrangements for the management of its asset base.</p> <p>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.</p>	<p>A revised Asset Management Plan was reported to Cabinet in December 2006. A land review was undertaken and reported to Cabinet in March 2007. Work is now ongoing with respect to the recommendations. We are now working on reconciling and combining the asset registers.</p>
<p>4. Assignment of responsibility for risk management to a specific member committee and include this in its terms of reference.</p>	<p>The Audit and Risk Committee has delegated responsibility for monitoring the management of risk which forms part of its Terms of Reference.</p>
<p>5. The formation of procedure notes/manuals for all of the Council's business critical systems.</p>	<p>This work was completed earlier in the year and the information provided to the Council in April.</p>
<p>6. The undertaking of pro-active counter fraud and corruption work.</p>	<p>Primarily, this has involved the National Fraud Initiative coordinated by the Audit Commission.</p>
<p>7. The Council should communicate its Whistleblowing Policy to its contractors.</p>	<p>The Council's website now provides details to prospective contractors and is incorporated into all contracts over £10,000.</p>
<p>8. Address High Priority recommendations from Audit Reports.</p>	<p>All high priority recommendations and progress against them is routinely reported to Management Team.</p>

6. Significant Internal Control Issues and Actions Planned for 2007/08

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 eleven of the twelve areas, an improvement from nine areas in 2005/06.

The Council has worked to address the matters leading to the auditors' qualification in the remaining area identified for the period 2006/07. This is highlighted below, together with the arrangements that are now in place to ensure the Council has adequate arrangements in place.

STATEMENT ON INTERNAL CONTROL

- 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.

A revised Asset Management Plan was reported to Cabinet in December 2006. A land review was undertaken and reported to Cabinet in March 2007. Work is now ongoing with respect to the recommendations. We are now working on combining and reconciling the asset registers.

It was also recommended that we assess the level of backlog maintenance.

A brief was prepared and Council approved the use of consultants to progress this.

The Council has identified no significant weaknesses in its systems of internal control. Areas for improvement in 2007/2008 have been identified as follows:

1. Address actions arising from the Direction of Travel Statement provided by the Audit Commission:
 - a. monitor progress & implications of budgetary pressures
 - b. continue to focus on planning service to consistently meet customer expectations
 - c. ensure increased focus on equalities and diversity allows impact to be assessed
2. Implement the recommendations of the Audit Commission Housing Inspection
3. Refresh the existing community engagement strategy and improve the use of customer feedback in shaping service delivery

By order of the Council

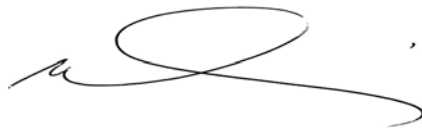
(Signed)



Leader of the Council

Date:
24th September 2007

(Signed)



Chief Executive

Date:
24th September 2007

Independent Auditors' Report to the members of the Borough Council of King's Lynn and West Norfolk

We have audited the financial statements of the Borough Council of King's Lynn and West Norfolk for the year ended 31 March 2007 under the Audit Commission Act 1998. The financial statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Account, the Statement of Movement on the Housing Revenue Account Balance, the Collection Fund 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 2006 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 2006, 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.

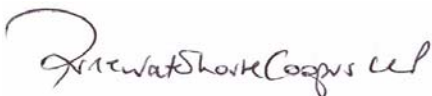
Basis of audit opinion

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 2006, the financial position of the Borough Council of King's Lynn and West Norfolk as at 31 March 2007 and its income and expenditure and cash flows for the year then ended.



PricewaterhouseCoopers LLP
Norwich

26 September 2007

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

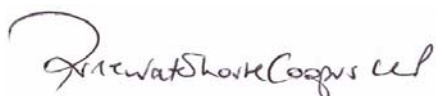
We have undertaken our audit in accordance with the Code of Audit Practice and we are satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, in all significant respects, the Borough Council of King's Lynn and West Norfolk made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2007 except that it did not put in place arrangements for the management of its asset base.

Best Value Performance Plan

We issued our statutory report on the audit of the Council's best value performance plan for the financial year 2006/07 on 9 November 2006. We recommended that the plan should be amended for it to be in accordance with statutory requirements.

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

26 September 2007

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. Even though the Council's housing stock was transferred to Freebridge Community Housing in April 2006, the Council has to maintain a HRA until it is closed.
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, e.g. 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).