North Norfolk District Council
STATEMENT OF ACCOUNTS
2013/14

40. Nature and Extent of Risks arising from Financial Instruments

The Authority"s activities expose it to a variety of financial risks:

- credit risk - the possibility that other parties might fail to pay amounts due to the Authority

- liquidity risk - the possibility that the Authority might not have funds available to meet its commitments to make payments

- market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates, market process etc.

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

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

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

Credit Risk

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

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

The table below shows the credit criteria and counterparty limits for investments in place at the end of the financial year.

Category	Criteria	Maximum sum to be Invested	Amount Invested 31 March 2014 £m
Deposits with banks and building societies	Minimum long-term rating of A- as issued by Fitch, Moody's or Standard & Poors rating agencies	£3m (per counterparty)	9.04
Local Authorities	All UK Local Authorities	£3m (per counterparty)	Nil
Debt Management Office		No Limit	Nil
Money Market Funds	AAA Constant & Variable Net Asset Value	10% of investments (per counterparty)	7.05
Pooled Funds	Independent Investment Advice	£15m (in total)	5.41

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

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

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

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

	31 March 2013 £000	31 March 2014 £000
Less than three months	16	15
Three months to one year	15	47
More than one year	7	2
	38	**64**

A bad debt provision of £24k has been made against debts which are more than one year old. The factors the Authority consider in determining if a trade debt is impaired include the age of the debt; the default history of the debtor; the proportion of the original debt which is still outstanding and the recovery stage of the debt. The Authority‟s maximum exposure to trade debts is £312,927. Of the debts which are passed their due date (and not impaired) £15,293 is less than three months old, £46,965 is between three months and one year and £1,719 is more than one year, as per the table above. The aged debt note relates to trade receivables only and it is not possible to determine the credit quality of the debtor.

Liquidity risk

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

Market risk

Interest rate risk

The Authority is exposed to risks arising from the movements in interest rates. If interest rates had been lower, there would be a reduction in the amount of interest credited to the Comprehensive Income and Expenditure Statement. The impact of a reduction in interest rates would be delayed as term deposits are fixed for a period of time, and it is not until the investment matures that the lower rate would impact on the Authority‟s investment return. If the overall rate of return on investments had been 0.25% lower than the rate actually achieved in 2013/14, there would have been a reduction of £43,200 in investment income, based on the average balance available for investment during the year.

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

Price risk

The investment in the pooled property fund exposes the Authority to the risk of changes in the price of the fund units. As they are classified as available-for-sale financial assets, all gains and losses will be recognised in the Comprehensive Income and Expenditure Statement. For example, if the price of the units held by the Authority at the year-end reduced by 1%, there would be a loss in fair value of £54,125.

Foreign Exchange Risk

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

COLLECTION FUND

2012/13 £000	Collection Fund	Notes	2013/14 Council Tax £000	2013/14 Business Rates £000	2013/14 Total £000
	INCOME				
(55,120)	Council Tax Payers	(5 & 6)	(56,791)		(56,791)
(8,119)	Council Tax Benefit	(2)	-		-
(22,263)	Income from Business Ratepayers	(3)		(24,185)	(24,185)
(85,502)			(56,791)	(24,185)	(80,976)
	EXPENDITURE				
	Precepts:	(4)			
7,283	- North Norfolk District Council (including Parish Councils)		6,513		6,513
47,367	- Norfolk County Council		41,693		41,693
8,146	- Office of the Police & Crime Commissioner for Norfolk		7,311		7,311
	Business Rate Shares:	(3)			
	- Central Government			11,738	11,738
	- North Norfolk District Council (including Renewable Energy Scheme)			9,410	9,410
	- Norfolk County Council			2,348	2,348
	Charges to the Collection Fund:				
22,033	- Payments to the National Pool				
230	- Cost of Collection			230	230
162	- Increase / (Decrease) in Provision for Bad & Doubtful Debts	(8)	25	(77)	(52)
56	- Write Offs of Uncollectable Amounts		186	87	273
	- Increase / (Decrease) in Provision for Appeals	(8)		450	450
	Apportionment of Previous Year Deficit / (Surplus)	(4)			
45	- North Norfolk District Council		26		26
294	- Norfolk County Council		171		171
49	- Office of the Police & Crime Commissioner for Norfolk		29		29
85,665			55,954	24,186	80,140
163	Deficit / (Surplus) for the year		(837)	1	(836)
	COLLECTION FUND BALANCE	(7)			
(469)	Balance brought forward at 1 April		(306)		(306)
163	Deficit / (Surplus) for the year (as above)		(837)	1	(836)
(306)	Balance carried forward at 31 March		(1,143)	1	(1,142)

1. General

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

2. Council Tax Benefit

In 2013/14 Council Tax Benefit was replaced by a Local Council Tax Support Scheme. In 2012/13 an amount of £8,119,617 was transferred from the General Fund in respect of Council Tax benefit expenditure for which a subsidy was received from the Department for Works and Pensions. This was the last year the transfer was required. In 2013/14 support was provided to tax payers by granting a discount, and this is reflected in the reduction in the Council‟s tax base shown in note 5.

3. Income from Business Ratepayers

The Council collects NNDR from ratepayers based on local rateable values provided by the Valuation Office Agency, multiplied by a uniform business rate in the £ set nationally by Central Government. The total rateable value for the District was £65,488,294 on 31 March 2014 (£63,761,974 on 31 March 2013). The national multipliers for 2013/14 were 46.2p for qualifying Small Businesses (45.0p in 2012/13), and the standard multiplier was set at 47.1p for all other businesses (45.8p in 2012/13).

In 2013/14 the Business Rate Retention Scheme was introduced which aimed to give Councils a greater incentive to grow businesses in their area. Rather than paying the rates collected into a central pool administered by Central Government, and then receiving a share based on an amount per head of population, local authorities retain a proportion of the rates collectable in their area. North Norfolk District Council retains a 40% share, Norfolk County Council retains 10% and the remainder is paid to Central Government.

The total income from business rate payers was £24,184,512 (£22,263,084 in 2012/13) and this sum includes £273,975 of transitional protection payments from Central Government. The transitional relief scheme provides protection to ratepayers from large changes in their bills following revaluations of their business, by phasing in changes gradually. This could mean that a billing authority may collect more or less rates than would otherwise be the case, and Government Regulations make provision for adjusting payments to be made to or from billing authorities.

4. Precepts and Demands

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

Net Payment 2012/13 £000		Precept / Demand £000	Collection Fund Surplus £000	Net Payment 2013/14 £000
7,328	North Norfolk District Council (including Parish Precepts)	6,513	26	6,539
47,661	Norfolk County Council	41,693	171	41,864
8,195	Office of the Police & Crime Commissioner for Norfolk	7,311	29	7,340
63,184	**Total**	**55,517**	**226**	**55,743**

5. The Council Tax Base for 2013/14 is as follows:

Therefore each £1 of Council Tax set was calculated to produce income of £36,411 (£41,366 in 2012/13).

Valuation Band	Number of Chargeable Dwellings adjusted for Discounts		Equivalent Number of Band D Dwellings		Adjusted Equivalent Number of Band D Dwellings	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
A	9,021	6,685	6,012	4,454	5,922	4,365
B	12,543	9,999	9,755	7,777	9,608	7,621
C	10,002	9,094	8,890	8,083	8,756	7,921
D	7,752	7,359	7,752	7,358	7,636	7,210
E	4,194	4,106	5,127	5,019	5,050	4,919
F	1,955	1,947	2,823	2,813	2,781	2,757
G	898	903	1,497	1,506	1,475	1,476
H	70	72	140	144	138	142
Total Tax Base	**46,435**	**40,165**	**41,996**	**37,154**	**41,366**	**36,411**

6. Band D Tax Rate

This Authority set a Council Tax of £1,488.69 for a band D dwelling, (£1,484.73 in 2012/13), which consisted of £1,145.07 (£1,145.07 in 2012/13) for Norfolk County Council, £204.75 (£200.79 in 2012/13) for the Office of the Police & Crime Commissioner for Norfolk and £138.87 (£138.87 in 2012/13) for the District's requirements. Sums ranging from nil to £89.45 (nil to £88.97 in 2012/13) were charged in addition for parish and town council requirements.

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

Discounts are given for empty and other properties, in respect of students, disabled people, single occupiers and those in receipt of support under the Local Council Tax Support Scheme. Since 2004/05 the Authority has implemented the provisions of the Local Government Act 2003 and exercised its discretionary powers to reduce or eliminate discounts on certain empty properties and second homes.

7. Balances

The balance on the Collection Fund largely represents a surplus from the Council Tax transactions. The surplus is shared with the Norfolk County Council and the Office of the Police & Crime Commissioner for Norfolk in proportion to the respective demands and precepts. There is small deficit on the Business Rate transactions resulting from minor changes for the year against initial estimates. The total balance is attributed as follows:

31 March 2013 Total	Share of Balance	31 March 2014 Council Tax	31 March 2014 Business Rates	31 March 2014 Total
£		£	£	£
(35,508)	North Norfolk District Council	(134,120)	331	(133,789)
(230,922)	Norfolk County Council	(858,511)	82	(858,429)
(39,712)	Office of the Police & Crime Commissioner for Norfolk	(150,541)		(150,541)
	Central Government		412	412
(306,142)	**Total**	**(1,143,172)**	**825**	**(1,142,347)**

8. Bad Debt Provision and Appeals Accounting Policy

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

Authorities are expected to finance the cost of appeals made against rateable values and are required to make provision for these amounts. A provision of £450,104 has been charged to the Collection Fund for 2013/14 in respect of appeals not settled as at 31 March 2014. This is the first year of this provision and is based on the historical experience of the percentage of appeals which are successful, and the resulting reduction in rateable value achieved.

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Council's affairs as at 31 March 2014 and of the Council's income and expenditure and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the CIPFA Service Reporting Code of Practice 2013/14.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by North Norfolk District Council, comprise:

- the Balance Sheet as at 31 March 2014;
- the Comprehensive Income and Expenditure Statement for the year then ended;
- the Movement in Reserves Statement for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Collection Fund for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 supported by the CIPFA Service Reporting Code of Practice 2013/14.
In applying the financial reporting framework, the Responsible Financial Officer has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

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

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

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

Opinion on other matter prescribed by the Code of Audit Practice

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

Other matters on which we are required to report by exception

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

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Chief Finance Officer

As explained more fully in the Statement of Responsibilities set out on page 8 the Chief Finance Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 and the CIPFA Service Reporting Code of Practice 2013/14.

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

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

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission on 15 October 2013, we are satisfied that, in all significant respects, North Norfolk District Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.

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

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission on 15 October 2013, as to whether the Council has proper arrangements for:

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

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

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

Our responsibilities and those of the Council

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 review regularly the adequacy and effectiveness of these arrangements.

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

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

Certificate

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

Harriet Aldridge

Harriet Aldridge (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
23 September 2014

Notes:

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

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

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

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

Area Based Grant (ABG) - The ABG is paid directly to the Authority that benefits from the grant without any constraint on how the monies are to be used.

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

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

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

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

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

Capital Financing Requirement - The Capital Financing Requirement represents the Authority‟s underlying need to borrow for capital purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GLOSSARY OF ACRONYMS

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