

EXPLANATORY FOREWORD

1. INTRODUCTION TO THE STATEMENT OF ACCOUNTS

These accounts consist of the following financial statements:

a) Statement of Accounting Policies

The purpose of this Statement is to explain the basis of the figures in the Accounts. It outlines the accounting policies that have been adopted.

b) Consolidated Revenue Account

This summarises the income and expenditure incurred on the day to day running of all the Council's activities, shows the net cost of these activities, and how this has been financed from general government grants and by local taxpayers.

c) Housing Revenue Account

Despite the Council transferring its housing stock to Valleys to Coast in 2003-04, the Authority still had a Housing Revenue Account for part of 2004-05. This has been included in the Statement of Accounts.

d) Consolidated Balance Sheet

This shows the Council's financial position as at 31st March 2005. The statement summarises the Council's assets and liabilities, the balances and reserves at the Council's disposal, its long-term indebtedness and the fixed and net current assets used in the Council's operations.

e) Statement of Total Movements in Reserves

This summarises the movements during the year in the Council's Revenue and Capital reserves.

f) Cash Flow Statement

This summarises the Council's receipts and payments in respect of both capital and revenue activities.

g) Statement on the System of Internal Financial Control

This Statement sets out the framework within which the Council manages and reviews financial control. It outlines the main components of the system, including the arrangements for Internal Audit. The Statement reports on any significant identified weaknesses and any action undertaken to rectify these.

h) Statement of Responsibilities for the Statement of Accounts

This sets out the responsibilities of the Council and the Deputy Chief Executive and Executive Director - Resources (Section 151 Officer) for the preparation of the Statement of Accounts.

2. REVENUE BUDGETS

Prior to the start of each financial year the Council prepares detailed budgets for its revenue activity for the coming year and at the same time comprehensively reviews its budgets for the current year to take into account changes in plans, prices or assumptions.

In addition to the comprehensive review mentioned above, considerable leeway is given to the Council's Cabinet and Chief Officers to vire budgetary approval from one head to another. The revised estimate reflects the approved use of general contingencies in the year.

2003/04 Actual £'000	DETAIL	2004/05 Original Estimate £'000	2004/05 Revised Estimate £'000	2004/05 Actual £'000	2004/05 (Under) / Overspend £'000
	DIRECTORATE:				
82,288	Education, Leisure and Community Services	84,889	86,451	86,245	(206)
38,115	Personal Services	37,712	39,140	39,082	(58)
20,627	Environmental and Planning	19,195	20,781	21,053	272
7,265	Corporate Services	11,493	5,832	5,482	(350)
3,339	Chief Executive	3,050	3,931	4,046	115
151,634		156,339	156,135	155,908	(227)
8,881	Capital Financing	9,300	9,301	9,034	(267)
(391)	General Contingencies	1,006	(953)	(681)	272
270	Stock Transfer Costs	0	0	0	0
5,601	Precepts	6,254	6,254	6,254	0
6,098	Levies and Contributions	6,580	6,580	6,598	18
49	Discretionary Rate Relief	25	25	14	(11)
0	Revenue Contribution to Capital Expenditure	0	0	52	52
334	Increase Insurance Provision	0	0	0	0
(581)	Transfers from Earmarked Reserves	0	0	(356)	(356)
1,557	Contribution to Earmarked Reserves	0	0	2,463	2,463
173,452	Net Cost of Services to be met by Government Grants and Local Tax Payers	179,504	177,342	179,286	1,944
(105,647)	Revenue Support Grant	(105,278)	(105,278)	(105,278)	0
(26,271)	NNDR from NNDR Pool	(26,600)	(26,600)	(26,600)	0
0	Other Government Grants	(4,160)	(1,998)	(1,997)	1
(42,602)	Council Tax Income	(43,466)	(43,466)	(44,915)	(1,449)
(1,068)	Net (Under)/Overspend on Services	0	0	496	496
(698)	Directorate (Under)/Overspends Carried Forward			(227)	
(370)	Balance to Council Fund			723	
470	Housing Revenue Account (Deficit)	0	0	(294)	

The actual expenditure is compared in broad terms to the revised budget for the current financial year in the table above. However, the expenditure on individual directorates does not mirror that shown in the Consolidated Revenue Account (CRA) because budget monitoring is carried out on a Directorate basis and re-categorised in the CRA to comply with recommended accounting practice.

Overall Financial Position at 31st March 2005

The financial position as at the 31st March 2005 showed an overall under-spend on Directorate's expenditure within the year of £227k. Capital financing costs were lower than expected producing an under-spend of £267k due to lower interest rates. However, expenditure on general contingencies and increases in earmarked reserves resulting in a deficit on the Council Fund balance of £723k. Explanations for the most significant variances within individual Directorates are given below:

Education, Leisure and Community Services

An underspend of £206k has been incurred. This is made up of a number of variations in several areas, the most notable of which are detailed in the following paragraphs.

There was an overspend on the school improvement budget of £73k due to demands on the advisory service budget for school improvement work. This was in addition to a £90k overspend on school-related grants which partly arose due to the number of newly qualified teachers that were funded from the grant, in excess of those for which the LEA was grant-funded.

In terms of special needs funding, the ancillary support budget overspent by £185k due to the ever-increasing demands on the service. An underspend of £426k on inter-authority recoupment for special needs pupils more than offset this. This resulted from higher demand for Bridgend Special School places from other local authorities than was originally budgeted for.

The home to school transport was underspent by £144k as a result of the fewer number of school days within the 2004/05 financial year. This also led to an underspend on the client school meals budget of £170k.

The Sports and Leisure Management and Catering contract overspent by £92k due to falling demand, resulting from higher prices, at a time of higher costs and poorer conditions within buildings. The library service also overspent, by £85k, due to costs arising from supporting longer opening hours and ICT initiatives.

This underspend will be carried forward into 2005/06 to offset potential overspends on the budget for that financial year.

Personal Services

The Personal Services budget was underspent by £58k in 2004/05 although there were significant budget variances within the Directorate that were well documented throughout the year. The critical budgetary issue continued to be the severe pressure in Children's Services due to the escalation in the number of Looked After Children. Spending on Foster Agency and Out of County Residential placements was over £1.5m in excess of the available Children's Service budgets for those areas. The Directorate took vigorous action with the aim of achieving both short and longer-term solutions to this critical service issue. This prevented the spending problem worsening as the year progressed and resulted in a reduction in the number of Foster Agency placements in the second half of the year.

In order to offset the Children's Services costs in 2004/05, the Directorate had to seek lower levels of expenditure in Adult Services. There were reductions in the home care service due to the impact of Fairer Charging, service reviews and lower levels of service referrals. This reduced costs despite the "knock on" effect in terms of the consequent lower income from charges. Expenditure on Residential and Nursing home placements was also less than budgeted due to a combination of more income from charges, lower than expected demands for placements and the impact on cost/income of several policy changes made by the Government in the funding of placements.

The combined effect in these two service areas was a projected saving against budget of over £800k. These and other smaller budgetary adjustments together with the utilisation of all the remaining Directorate's Invest to Save earmarked reserve enabled the Children's Services additional expenditure to be met and the small overall underspend of £58k to be achieved.

Environmental and Planning

A total overspend of £272k was incurred on the Environmental and Planning budget in 2004/05. This was largely as a result of an overspend on waste management that has been met from the Directorate's earmarked balance. There were also overspends on the Fleet Services division resulting from loss of income and delays in implementing cost saving measures and on the Building Maintenance service because of costs associated with restructuring the section. These overspends were offset by an underspend on the Planning service resulting from an increase in income from planning applications.

Corporate Services

The Corporate Services budget was underspent by £350k in 2004/05. There were a number of variances across the Directorate, the most significant of which are detailed below.

The Finance Department underspent by £649k. This was mainly attributable to savings accruing from staff vacancies and an increase in the Department of Works and Pensions (DWP) administration grant. The Scrutiny Section also underspent by £72k.

The Legal Services budget was overspent by £270k, as a result of the Child Care Joint Arrangement for which there was no budget provision in 2004/05. The Property department managed an underspend of £48k which partially offsets this overspend.

The IT Department's overspend of £153k was mainly attributable to three areas; Telephony, the new Service Area Network located in Sunnyside and the Design Unit.

The other main shortfall in the budget was due to the transfer of the Monitoring Officer department to the Office of the Chief Executive resulting in a shortfall of £175k in the Corporate Services budget.

Office of the Chief Executive

The Office of the Chief Executive overspent by £115k in 2004/05. This overspend was anticipated due to the cost of the Regeneration and Business Efficiency and Effectiveness Units and budget shortfalls in the Chief Executives' Support Unit and the Tourism Section.

The areas of overspend have been partially offset by underspends in several areas, including Economic Development, Members' Services, Youth Offending Team, Public Relations and a contribution to central charges from the Local Planning Partnership. The net overspend will be met from the Office of the Chief Executive balances.

Council Tax Income

Additional income was raised during the year because of a better than anticipated collection rate for Council tax.

3. CAPITAL BUDGETS

These are prepared by a similar procedure to revenue budgets with the added complications of:

- a) An extra comprehensive mid year review
- b) Many of the budgets are contingent on grants and contributions

The actual outturn for 2004/05 is compared to the revised estimate as follows:

SERVICE	Estimated Out -turn £'000	Actual Out -turn £'000	Variance (Under) /Over £'000	Grants Carry Forward £'000	BCBC Carry Forward £'000	Adjusted Variance £'000
Education	4,849	4,414	(435)	254	197	16
Leisure	3,526	3,204	(322)	286	98	62
Highways General	4,016	3,164	(852)	535	347	30
Drainage	1,071	541	(530)	0	541	11
Environmental Health	519	400	(119)	97	0	(22)
Planning	835	721	(114)	21	47	(46)
Fleet	1,098	1,098	0	0	0	0
Land Reclamation	5,271	4,404	(867)	848	18	(1)
Transport Grant	4,922	4,519	(403)	404	0	1
Economic Development	2,257	1,488	(769)	634	137	2
Social Services	2,638	1,934	(704)	0	704	0
General Fund Housing	2,949	2,938	(11)	0	0	(11)
Central Support	912	734	(178)	10	324	156
TOTAL	34,863	29,559	(5,304)	3,089	2,413	198

Capital expenditure was financed from the sources shown below.

2003/04 Total £'000	SOURCES OF FINANCING	2004/05 Fixed Assets £'000	2004/05 Deferred Charges £'000	2004/05 Total £'000
26,432	Gross Expenditure during the Year	24,351	5,208	29,559
	Net Movement in Accruals During the Year			
1,698	Opening Accrual	1,171		1,171
(1,171)	Closing Accrual	0		0
26,959		25,522	5,208	30,730
	Financed By:-			
9,957	Loans	6,712	2,939	9,651
16,163	Government Grants	15,460	2,269	17,729
217	Revenue Contributions	641		641
196	Capital Receipts	2,425		2,425
426	Other Contributions	284		284
26,959		25,522	5,208	30,730

Major schemes completed, or nearing completion, by the year-end were Bridgend Bus Station, Junction 36 Improvements, the Integrated Centre at Cornelly and Garw Valley Leisure Centre. The Council spent £1,414k on Disabled Facilities Grants and £2,001k on Renovation Grants on private properties.

4. BORROWING

At 31st March 2005 the Council had external loans outstanding of £94.3m, which was £21m below its statutory limit, known as its capital financing requirement.

5. RESERVES

The reserves included in the accounts for 31st March 2005 can be summarised as follows:

REVENUE RESERVES	£'000
COUNCIL FUND	
Council Fund Balance as at 1st April 2004	8,199
Deficit for the Year	(723)
Balance at 31st March 2005	7,476
HOUSING REVENUE ACCOUNT RESERVES	
Revenue Account Balance as at 1st April 2004	560
Deficit for the Year	(294)
Transfer to General Fund	(266)
Balance at 31st March 2005	0
EARMARKED RESERVES	
Business Restructuring Reserve	370
Business Systems Development Reserve	484
Children's Services Reserve	470
Directorate Balances	1,451
Energy Conservation Reserve	227
Interest Actualisation Reserve	412
Job Evaluation Reserve	145
Maesteg Schools PFI	600
MREC Waste Disposal	300
Former Mid Glamorgan CC Liabilities Reserve	1,955
Other Minor Reserves	376
Revenue Business Re-engineering Reserve	205
Road Maintenance Reserve	260
Balance at 31st March 2005	7,255
Delegated School Balances	3,343
Total Revenue Reserves at 31st March 2005	18,074

The Delegated Schools Balances represent amounts held by schools that are committed to be spent on the Education service and not available to the Authority for general use. School balances have risen by £1.37 million to £3.3 million as at 31st March 2005. This equates to 5% of the total allocation to schools for the financial year. As part of the requirements of the Financial Scheme for Schools a proforma has been issued to schools asking them to provide reasons for holding balances over a number of categories, e.g. falling rolls, negative retrospective adjustments, planned initiatives.

Further information about earmarked reserves can be found in the notes to the Consolidated Revenue Account on Page 20 and the notes to the Consolidated Balance Sheet on Pages 38 to 40.

6. LOCAL GOVERNMENT REORGANISATION

Section 56 of the Local Government (Wales) Act 1994 required the principal successor Authorities to make agreements in respect of the transfer of any property, income, rights, liabilities or expenses of the former Mid Glamorgan County Council and Ogwr Borough Council.

All transactions outstanding as a result of Local Government Reorganisation have now been completed. Bridgend CBC holds an earmarked reserve of £2m to cover post balance sheet events. Details of this earmarked reserve can be found in the notes to the Consolidated Balance Sheet on Pages 38 and 40.

7. PRIVATE FINANCE INITIATIVES (PFI)

During 1999/2000 preparations were made to present a business case for replacement of educational facilities in Maesteg by means of a Private Finance Initiative. The project involves the replacement of a split-site comprehensive school with a new school on a single site. The aim is two fold:

1. To improve the overall quality of education provision by having a single-site secondary school, and
2. To offer the opportunity to provide a designated Welsh language secondary school within the County Borough, which will remove the need for children to travel to neighbouring county boroughs for Welsh-medium education.

Following an initial approval of £15.5m, the National Assembly for Wales approved at Outline Business Case stage in March 2001 revenue support in the form of PFI credits totaling £16.8m. As a result of adjustments including changes to discount rates, a later service commencement date and a more detailed estimate of likely building and infrastructure capital costs, the total value of credits needed has increased by a further £4.2m to £21.0m. The Welsh Assembly Government approved this higher figure in December 2003. At the time of writing the Council is in early negotiations with the sole remaining bidder, Babcock & Brown, with the aim of achieving financial close by the end of 2005.

A £10m washery site reclamation scheme, funded mainly by the WDA, will provide a stable site for the new school. The contract commenced in February 2003. With the exception of the landscaping and planting works, physical works were completed in 2004. The planting work was finally completed by 31st March 2005.

The latest target opening date for the new Maesteg Comprehensive School is September 2007 and the proposed Welsh-medium school on the existing upper school site has slipped to September 2008.

8. BEST VALUE ACCOUNTING CODE OF PRACTICE (BVACOP)

The current BVACOP is applicable to accounts commencing 1st April 2004. It specifies the cost allocations required for divisions of service on a total cost basis. All central service costs are to be recharged to service heads except those defined as Corporate and Democratic Core and Non Distributed Costs.

THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs in accordance with Section 151 of the Local Government Act 1972. In this Authority, that officer is the Deputy Chief Executive and Executive Director - Resources;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts

The Deputy Chief Executive and Executive Director - Resources

The Deputy Chief Executive and Executive Director - Resources is responsible for the preparation of the Authority's statement of accounts. In terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain 1998 ('the Code of Practice'), the statement of accounts are required to present fairly the financial position of the authority at the accounting date and its income and expenditure for the year ended 31st March 2005.

In preparing this statement of accounts, the Deputy Chief Executive and Executive Director - Resources has:

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

The Deputy Chief Executive and Executive Director - Resources has also:

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

L.M James B.Sc. (Econ), I.P.F.A.
Deputy Chief Executive and Executive Director – Resources
14th December 2005

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL

This statement is given in respect of the statement of accounts for Bridgend County Borough Council for the financial year ending 31st March 2005. We acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned.

The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period. Proper administration of the Authority's financial affairs is the responsibility of the Section 151 Officer, the Deputy Chief Executive and Executive Director - Resources.

The system of internal financial control is based on a framework of regular (and often online) management information, financial and contract procedure rules, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the Council. In particular, the system includes:

- comprehensive budgeting systems
- regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts
- setting targets to measure financial and other performance
- the preparation of regular financial reports which indicate actual expenditure against the forecasts
- as appropriate, formal project management disciplines
- the adherence to capital expenditure guidelines

The Council maintains a system of internal audit by means of its Internal Audit Division. This division is headed by the Chief Internal Auditor who reports directly to the Deputy Chief Executive and Executive Director - Resources. Political oversight is delivered by an Audit Committee of non-executive elected members. The Division is guided by CIPFA's 'Code of Practice for Internal Audit in Local Government in the United Kingdom' and in particular:

- has no restrictions on its coverage of the authority's activities
- has unrestricted access to all relevant records, assets, employees and members of the authority
- the Chief Internal Auditor reports the results of individual audits to the relevant managers, with summaries being regularly reported to Audit Committee.
- The Chief Internal Auditor provides an annual independent opinion on the adequacy and effectiveness of internal financial control.

Our review of the effectiveness of the system of internal financial control is informed by:

- the work of managers within the Council
- the work of the internal auditors as described above
- the external auditors in their annual audit letter and other reports
- A risk analysis of systems and procedures in operation

Significant progress has been made with the co-ordination of Action Plan review arrangements for the current Corporate Improvement Plan along with arrangements to monitor progress against all Performance Indicators and Policy Agreement Targets. Following a review of progress against action plan targets, proposals to close twelve Best Value Reviews and to revisit the remaining twelve was approved by Council in May 2004. These are now technically closed.

Progress has also been made to increase the focus on business planning and performance appraisal. However, additional concerns have been raised over ability to identify efficiencies, recycle resources and short term planning. Other areas identified were mainly concerned with lines of communication, inconsistency in interpreting controls and procedures and low internal audit plan completion rate.

In order to address these issues, procedures and guidance documents are being reviewed and additional training has been carried out.

By order of the authority.

L.M James B.Sc. (Econ), I.P.F.A.
Deputy Chief Executive and Executive Director – Resources
14th December 2005

STATEMENT OF ACCOUNTING POLICIES

1. General Policies

The accounts for 2004/05 have been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain (ACOP) published in 2005 by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is recognised by statute as representing proper accounting practices. The principles detailed in the current Best Value Accounting Code of Practice (BVACOP) are applicable to accounts for the year commencing 1st April 2004 and have also been complied with.

2. Accruals of Income and Expenditure

Income and expenditure are included in these accounts on an accruals basis. This means that sums due to or from the Authority during the year are included in the accounts whether or not the cash has actually been received or paid. Where possible, accruals are included on actual amounts payable, otherwise on an estimated value.

3. Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis. Where capital expenditure is less than £20k these are classed as deminimis and are written off to the revenue accounts. This includes assets acquired under finance leases that have been capitalised and included in the balance sheet on the basis of the outstanding obligation to make future rental payments.

The current asset values used in the accounts are based upon independent external revaluations as at 1st April 2004. Additions since that date have been examined by the property section of the Council to assess the value of actual enhancement. This value of the enhancement has been included in the accounts within the balance sheet with any non-enhancement being written off to the revenue account.

Fixed Assets are included in the balance sheet on the following valuation basis:

Other Land & Buildings

Land was valued on the basis of open market value. Properties regarded by the authority as operational were valued on the basis of open market value for existing use or where this could not be assessed because there was no market for the asset, the depreciated replacement cost.

Vehicles, Plant & Equipment

Net current replacement cost reflecting wear and tear incurred.

Infrastructure and Community Assets

Historical Cost i.e. original expenditure incurred less depreciation where applicable.

Non-Operational Assets

Open Market Value and Historical Cost for Work in Progress.

4. **Impairment**

Impairment reviews are carried out by the property section of the Council as part of the annual assessment of fixed assets in accordance with FRS 11, Impairment of Assets and Goodwill.

5. **Depreciation**

From 1st April 1996 a charge for depreciation has been made to the service revenue accounts to cover the cost of wear and tear of certain categories of assets. When the value of an asset falls below £20k due to depreciation, the remaining asset value is written off to the revenue account.

The depreciation policy adopted for 2004/05 was:

Operational Assets	Depreciated on a straight-line basis according to estimated asset lives (ranging from 10 to 50 years) based on the value at the start of the year except for land, which is not depreciated
Non-Operational Assets:	Depreciated on a straight-line basis over 125 years
Infrastructure Assets	Depreciation on a straight-line basis over 30 years
Community Assets	Depreciation not applicable
Vehicles, Plant & Equipment	Depreciated on a straight-line basis according to estimated asset lives (ranging from 3 to 10 years)

6. **Repurchase of Borrowing**

The prepayment 'Loan Premiums' represents premiums paid on the early repayment of loans. Loan premiums paid out are related to restructuring of borrowing and are being amortised over the life of the replacement loan as per current accounting practices except in the case of those market bonds with stepped interest rates. Here, the premiums are being written off over 15 years in line with the estimated break point where the loans will be redeemed. This policy is consistent with the charging of interest on these loans.

7. **Minimum Revenue Provision**

In accordance with its legal duties the Council makes a provision from its revenue accounts for redemption of loan debt. This provision is set at the minimum required by the law i.e. 4% of Capital Financing Requirement, less an adjustment in respect of the commutation of Government Grant. The exception to this is redundancy costs, which are amortised over 7 years.

In practice this provision consists of the charges made to revenue accounts for depreciation and capital expenditure that does not result in the creation of a fixed asset, together with a compensating transfer to or from the Capital Financing Account.

8. Capital Charges

Generally capital charges made to revenue accounts consist of depreciation plus a notional interest charge based on the amount at which the relevant fixed assets are included in the balance sheet at the beginning of the year.

The notional rate of interest is 3.5% for assets included at current value and 4.8% for assets required to be carried at historical cost.

Interest paid and received in year is charged to the asset management revenue account.

9. Investments

These are included in the Balance Sheet at cost.

10. Receipts from the Sale of Fixed Assets

Cash received from the sale of fixed assets has been credited to Usable Capital Receipts Reserve and used to fund further capital expenditure or set aside to make provisions to meet credit liabilities as prescribed by the Local Government & Housing Act 1989.

11. The Treatment of Grants

Government grants are accounted for on an accruals basis. For revenue grants, income has been credited to the appropriate revenue account. For capital grants, except where they apply to deferred charges, to a government grants-deferred account. Amounts are released from the government grants-deferred account to offset any charges to the revenue account in respect of assets to which the grants relate.

12. Stocks and Work in Progress

Stocks and Stores are included in the accounts at the latest purchase price for each item, or at an average purchase price, depending on the type of item. These policies are departures from that recommended in SSAP9, which requires valuation at the lower of cost or net realisable value. However, the Authority considers that this has no material effect on the Statement of Account.

13. Allocation of Support Services

The Council has commenced a process of moving towards a system of Service Level Agreements (SLA's) covering the provision of support services. This will be completed in the next two years and few were in place for this financial year. As a result most support service costs have been apportioned by a variety of methods. The most important being:

- agreed fixed charges
- actual use of support service
- estimated staff deployment, in some cases backed by formal time recording systems
- apportionments based on related financial or physical quantities (e.g. employee costs, floor area)
- SLA's agreed for 2004/05

Support services defined as Corporate and Democratic Core and Non-Distributed Costs are not chargeable to direct services in accordance with the BVACOP.

14. Pension Costs

The Council participates in two different pension schemes for employees in particular services. Both schemes provide members with defined benefits related to pay and service.

- a) Teachers - This is an unfunded scheme administered by the Department for Education & Employment (DfEE). The pension cost charged to the account is the contribution rate set by the DfEE on the basis of a notional fund. Although it is a defined benefits scheme it has been treated in the accounts as a defined contribution scheme in line with recommended practice.
- b) Other Employees are members of the Rhondda Cynon Taf County Borough Council Pension Fund. In line with FRS 17 Retirement Benefits, costs charged to service heads are the estimated current cost as provided by the pensions Actuary. These costs have been determined on the basis of contribution rates that are set to meet 100% of the liabilities of the Pension Fund, in accordance with relevant Government regulations. In accordance with standard accounting practice for local authorities and FRS 17 Retirement Benefits, costs have been included in the Consolidated Revenue Account in accordance with the actuarial estimate provided by Hewitt Bacon & Woodrow. The estimated liability attributable to Bridgend CBC has been included in the Consolidated Balance Sheet. The Actuary's report as at 31st March 2004 identified that the assets held in the valuation were sufficient to cover 50% of the accrued liabilities. The impact of this on the revenue budget of the Authority is that employer's contribution to the scheme will have to rise. The Authority has agreed to achieve this by phasing a £1m contribution each year for three years beginning 2005/06.

15. FRS 12 – Provisions, contingent liabilities and contingent assets

Provisions are included in the accounts in accordance with FRS 12 - Provisions, contingent liabilities and contingent assets. The Authority recognises a provision when a past event has given rise to a present obligation of uncertain timing or amount that involves a transfer of economic benefit to a third party.

Contingent liabilities and assets are disclosed by way of a note to the Balance Sheet.

16. Reserves and Balances

Reserves are included in the accounts in accordance with current Guidance on Local Authority Reserves and Balances. Reserves other than general reserves are held for specified purposes and are under the control of the relevant directorate for the specified purposes and duration approved by Council. All other remaining equity is classed as general reserves.

17. Deferred Charges

These arise when capital expenditure is incurred which does not result in, or match to, a tangible fixed asset. Examples of such expenditure include home improvement grants, town improvement grants, demolitions and land feasibility studies. Deferred charges are written off to revenue in year.

18. Leasing

The Authority uses leasing as a means of acquiring vehicles, computer hardware, equipment and plant.

The Authority has only entered into operating leases since April 1996. The remaining outstanding commitments on finance leases inherited from predecessor Authorities prior to Local Government Reorganisation on 1st April 1996 were concluded in 2000/01. However, there are some residual arrangements which roll forward on an annual basis.

19. Provision for Bad and Doubtful Debts

The provision for bad debts is provided on the basis of aged debt analysis. Debts that are not collectable are written off in accordance with the Authority's approved policy.

CONSOLIDATED REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

2003/04		Gross	Gross	Net
£'000		Exp	Income	Exp
		£'000	£'000	£'000
	SERVICES			
81,256	Education	108,743	21,908	86,835
37,958	Social Services	61,276	20,764	40,512
16,771	Highways and Transportation	25,997	8,314	17,683
2,526	Housing Services	31,341	28,438	2,903
5,380	Central Services to the Public	18,084	11,665	6,419
26,969	Cultural, Environmental and Planning Services	36,417	8,270	28,147
4,672	Corporate and Democratic Core	4,721		4,721
660	Non-Distributed Costs	220		220
176,192	Total Continuing Operations	286,799	99,359	187,440
431	Housing Services charged to HRA balance	294		294
176,623	NET COST OF SERVICES	287,093	99,359	187,734
3,928	Premia on Repayment of Loans (Housing Transfer)			0
(3,928)	Contrib from Welsh Assembly Government to Loan Premium			0
5,601	Precepts Paid			6,254
6,098	Levies and Contributions Paid			6,598
(350)	Interest and Investment Income			(425)
(765)	Trading Activities Net (Surplus)/Deficit			(51)
6,230	Pension Fund Financing Costs			6,860
(7,556)	Net Income on the Asset Management Revenue Account			(12,145)
185,881	NET OPERATING EXPENDITURE			194,825
(470)	Transfer of HRA Surplus			(294)
1,496	Transfer to/(from) Earmarked Reserves			1,162
(9,515)	Contributions to/(from) Capital Accounts			(9,984)
(3,291)	Transfer to/(from) Pensions Reserve			(6,210)
	AMOUNT TO BE MET FROM LOCAL TAX PAYERS AND			
174,101	GOVERNMENT GRANT			179,499
(103,667)	Revenue Support Grant			(105,278)
(1,980)	Other Government Grants			(1,997)
(42,602)	Council Tax			(44,915)
(26,222)	Net Proceeds of Non-Domestic Rates			(26,586)
(370)	(SURPLUS)/DEFICIT FOR THE YEAR			723
(7,829)	Council Fund Balance Brought Forward			(8,199)
(8,199)	COUNCIL FUND BALANCE CARRIED FORWARD			(7,476)

NOTES TO CONSOLIDATED REVENUE ACCOUNT

1. Precepts Paid

2003/04 £'000		2004/05 £'000
4,718	South Wales Police Authority	5,299
883	Community Councils	955
5,601	Total	6,254

2. Levies and Contributions Paid

Certain services are operated across individual council boundaries and the Authority pays a share of the service costs. The contributions were as follows:

2003/04 £'000		2004/05 £'000
5,050	South Wales Combined Fire Authority	5,467
143	Coroners Service	133
466	Environment Agency	531
34	South Wales Sea Fisheries	36
93	Archive Service	95
8	Margam Crematorium Joint Committee	6
16	Swansea Bay Port Health Authority	17
288	Magistrates Court	313
6,098	Total	6,598

3. Housing Services

Despite the Council transferring its housing stock to Valleys to Coast Housing in 2003/04, there was still a Housing Revenue Account for part of 2004-05 due to the existence of Brynmenyn Homelessness Unit. The Authority received a determination within 2004/05 to move this to the General Fund from 22nd December 2004. The Authority retains responsibility for strategic housing and services to the homelessness.

4. Trading Activities

The Authority has established trading activities which were previously subject to Compulsory Competitive Tendering legislation. The outturn for the Authority's trading activities are summarised as follows:

2003/04 £'000	Activity	2004/05 Income £'000	2004/05 Expenditure £'000	2004/05 (Surplus)/ Deficit	Target £'000	Variance £'000
(11)	Outdoor Leisure	(253)	253	0	0	0
(43)	Grounds Maintenance	(1,879)	1,859	(20)	0	(20)
(79)	Schools and Welfare Catering	(3,600)	3,672	72	0	72
(57)	Building Cleaning	(830)	798	(32)	(20)	(12)
(82)	Highway Maintenance	(3,981)	3,912	(69)	(30)	(39)
(1)	Other Cleaning	(1,962)	1,951	(11)	(9)	(2)
(116)	Building Maintenance	(2,210)	2,191	(19)	(10)	(9)
19	Fleet Services	(2,574)	2,570	(4)	(100)	96
(370)	Sub-Total	(17,289)	17,206	(83)	(169)	86
	Other Trading Activities					
(57)	Other Catering	(553)	496	(57)	0	(57)
(377)	Sports and Recreation (Indoor)	(4,809)	4,898	89	0	89
39	Housing Repairs Service	0	0	0	0	0
(765)	Transfer to Consolidated Revenue Account			(51)	(169)	118

The deficit on the catering service of £72k was a result of a reduced number of trading days for school meals within the financial year, due to the fall of the school holidays, and therefore less income earning potential for the service.

The Building Maintenance Service achieved an above-target surplus, although this was less than the surplus achieved in the previous year due to a reduction in the turnover of the unit.

Fleet Services achieved a surplus in 2004-05, compared to a deficit in 2003-04. The figure was less than the target due to delays in restructuring the unit following the outsourcing of the refuse collection service, and in implementing the fleet replacement programme.

The surplus of £57k on other catering was mainly due to a targeted surplus of £50k on the bar and catering function at Bryngarw House being realised. The indoor sport and recreation trading account returned a deficit of £89k. This was mainly due to falling demand, leading to reduced income, as a result of higher prices and poor quality buildings. The surplus of £377k in 2003-04 on this activity was due to back dated NNDR refunds of £521k being received.

5. Asset Management Revenue Account

This is an account required under the capital accounting system. Its function is to neutralise the effects of the system on the amount to be raised from local taxpayers. The transactions on the Asset Management Revenue Account for 2004/05 are:

2003/04 £'000		2004/05	
		£'000	£'000
	Income		
(26,814)	Capital Charges		(27,243)
(1,385)	Transfer from Government Grants Deferred Account		(1,487)
(133)	Transfer from Capital Contribution Deferred Account		(136)
(28,332)			(28,866)
	Expenditure		
13,886	Depreciation and Impairment	11,258	
6,890	External Interest	5,463	16,721
(7,556)	Balance to Consolidated Revenue Account		(12,145)

6. Transfer to/(from) Earmarked Reserves

This represents the net movement on the earmarked reserves of the Authority within 2004/05. This includes where money has been transferred into the Revenue Account to match expenditure within the year. Also amounts have been set aside from revenue reserves in 2004/05 to be utilised in future years to finance expenditure.

2003/04 £'000	Reserve	2004/05 £'000
18	Chief Executive Directorate	(115)
174	Corporate Services	264
383	Education, Leisure & Community Services	170
390	Environment & Planning	(457)
151	Personal Services	58
(288)	Business Development Reserve	(56)
370	Business Restructuring Reserve	0
37	Carpark Strategy	81
241	Children's Services	(371)
245	Contributions to Capital	(245)
25	Election Costs	1
42	Energy Conservation Fund	23
(149)	Highways Salt Barn	0
0	Health & Safety	50
(200)	Insurance Reserve	(200)
(139)	Job Evaluation Reserve	34
125	Legionella Assessment	(85)
0	Maesteg School PFI	600
0	Waste Management Reserve	300
25	New Members Induction	17
0	Porthcawl Regeneration	63
31	Revenues Business Re-engineering	(187)
0	Road Maintenance Reserve	10
(39)	Schools Balances	1,374
80	Social Services IT System	(160)
(57)	Special Regeneration Fund Carry Forward	0
32	Sports Development	(5)
(1)	Unitary Development Plan Reserve	(2)
1,496	Total	1,162

7. Revenue Support Grant

This is the principal source of finance towards revenue expenditure from Welsh Assembly Government with the amount receivable fixed at the start of each financial year.

8. Government Grants

In addition to Revenue Support grant the Authority received specific government grants which amounted to £60.431m and are included in the Council Fund services income figures. The main specific grants are shown below.

2003/04 £'000	Specific Grants	2004/05 £'000
16,445	Mandatory Rent Allowances	22,269
6,061	Council Tax Benefit	7,503
4,292	EL Wa Grant	5,802
6,087	Other Education	5,429
*	Other Social Services	4,966
9,639	Others	3,967
1,884	Supporting People	2,882
*	Resettlement Grant	1,705
	Concessionary Fares Grant	1,293
1,355	INSET Grant for Education Support	1,001
384	Waste Disposal	860
837	Housing/Council Tax Benefit Administration	819
*	Capacity Grant	796
756	Mental Handicap Strategy	702
*	Carers Special	223
*	Lottery Grants	214
176	Mandatory Student Awards	0
47,916		60,431
* included in other in 2003/04		

9. Council Tax

Council Tax Income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1st April 1991 values for this specific purpose. Charges are calculated by taking the amount of income required for Bridgend County Borough Council, each Community Council and the South Wales Police Authority and dividing this by the Council Tax base. The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a band D equivalent and adjusted for discounts - 45,793.36 dwellings for 2004/05. The basic amount for a Band D property (£949.19 in 2004/05 on average) is multiplied by the proportion specified for the particular band to give the individual amount due.

Council Tax bills were based on the following multipliers for bands A to H and the number of properties in each band were as follows:

Band	A	B	C	D	E	F	G	H
Multiplier	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9
Chargeable Dwellings	10852	13851	11548	9111	6928	2771	1249	84

Analysis of the net proceeds from Council Tax is as follows:

2003/04 £'000		2004/05 £'000
42,602	Council Tax Collectable	44,915
	Less:	
(883)	Payable to Community Councils	(955)
(4,718)	Payable to South Wales Police	(5,299)
91	Provision for non payment of Council Tax	(292)
37,092	Net Proceeds from Council Tax	38,369

10. National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The government specifies an amount for the rate (45.2p in 2004/05 (44p in 2003/04)) and, subject to the effects of transitory arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NNDR pool administered by the National Assembly for Wales. The National Assembly for Wales redistributes the sums payable back into local authorities on the basis of a fixed amount per head of population.

The NNDR income (after relief and provisions) for 2004/05 was £28,454k (£27,679k in 2003/04) and the rateable value used for 2004/05 was £71,107,314. Analysis of the proceeds from non-domestic rates is as follows:

2003/04 £'000		2004/05 £'000
27,679	Non-domestic rates collectable	28,454
	Less:	
(27,187)	Paid into NNDR pool	(27,648)
(208)	Cost of Collection	(209)
(284)	Bad and Doubtful Debts	(597)
0		0
49	Council Fund contribution to Rate Relief	14
(26,271)	Receipts from pool	(26,600)
(26,222)	Net Proceeds from NNDR	(26,586)

11. Leasing Costs

The payments in 2004/05 and future obligations are shown in the table below.

2003/04 £'000		2004/05 £'000
5	Finance Leases - Rentals paid during the year	5
1,255	Operating Leases - Rentals paid during the year	1,245
0	Future Obligations under Finance Leases	0
4,387	Future Obligations under Operating Leases	3,947
	Analysis of Future Obligations under Operating Leases	
930	To be paid within one year	833
1,636	To be paid between two and five years	1,405
1,821	To be paid more than five years	1,709
4,387		3,947

12. Pension Costs

The disclosures required for 2004/05 include information provided by the pension administrators, Rhondda Cynon Taff CBC and Hewitt, Bacon & Woodrow as the pensions actuary. There are additional disclosures supporting the Consolidated Balance Sheet pension fund transactions and these can be found on page 42.

a) Teachers

In 2004/05, the Authority paid £5.6 million to the Teachers Pensions Agency in respect of teachers' pension costs, which represent 13.5% of teachers' pensionable pay. In addition, the Authority is responsible for all pension payments relating to added years awarded, together with the related increases. In 2004/05, these amounted to £0.48 million representing 1.1% of pensionable pay.

b) Other Employees

In 2004/05 the Council paid an employer's contribution of approximately £10.73 million, representing 19.2% of employees' pensionable pay, into Rhondda Cynon Taf CBC Pension Fund. The Fund provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary based on triennial actuarial valuations. Under Superannuation Regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund.

In addition, the Council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 2004/05 these amounted to approximately £0.4 million representing 0.72% of pensionable pay.

Further information can be found in Rhondda Cynon Taf CBC Pension Fund's Annual Report which is available upon request from the Director of Finance, Rhondda Cynon Taf County Borough Council, Bronwydd, Porth, Rhondda, Rhondda Cynon Taf.

c) **Non-Funded Discretionary Added Years**

Discretionary added years relate to early retirement on the grounds of redundancy or efficiency of service. The capital cost relates to the discretionary increase and not to the total pension payable. In 2004/05 the amount of lump sum payments made amounted to £11,348 and the corresponding capital cost is £79,797. The ongoing annual cost of decisions made in previous years in 2004/05 was £867,805 and the corresponding capital cost is £17,356,107.

13. Section 137 Expenditure

Section 137 of the Local Government Act 1972 empowers Local Authorities, subject to various conditions and limits, to incur expenditure, which in their opinion is in the interests of their area or any part of it, or all or some of its inhabitants. Under this Section authorities are required to account separately for any such expenditure.

The Council was permitted to spend £649,500 (£5 per head of relevant population (129,900) of the Authority's area under this Section in 2004/05. Its actual expenditure was £122,455, which included £637 in administration costs.

14. Publicity Expenditure

Under the requirements of S.5 (1) of the Local Government Act 1986, the Council is required to provide details of spending on publicity. This is as follows:

2003/04 £'000		2004/05 £'000
48	Economic Development Activities	71
151	Recruitment Advertising	338
278	Other Advertising	227
477	Total	636

15. Building Control Trading Account

The Local Authority Building Control Regulations 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 authorities. The statement below shows the total cost of operating the building control unit divided between the chargeable and non-chargeable activities.

2003/04 Total £'000		Chargeable £'000	Non- Chargeable £'000	2004/05 Total £'000
	Expenditure:			
320	Employees	195	147	342
27	Transport	18	10	28
34	Supplies & Services	22	14	36
156	Central & support service charges	97	65	162
537	Total Expenditure	332	236	568
	Income:			
323	Building Regulations charges	360	0	360
2	Miscellaneous	0	3	3
325	Total Income	360	3	363
212	(Surplus)/Deficit	(28)	233	205

16. Agency Expenditure

The Authority carries out work on behalf of Welsh Water (Glas Cymru). This mainly consists of repairs to the sewer systems and maintenance of pumping stations. There was no capital expenditure incurred in 2004/05 but revenue expenditure incurred was £397k and income received was £484k.

17. Local Government (Goods and Services) Act 1970

The Council is empowered by this Act to provide goods and services to other public bodies. The net income for these services are set out below:

2003/04 £'000	Directorate	2004/05 £'000
0	Design Service	44
17	Fleet Services	11
17	Total	55

18. Minimum Revenue Provision

The Council is required by statute to set a Minimum Revenue Provision (MRP) for the repayment of external debt. In accordance with this requirement the provision for 2004/05 has been calculated as shown in the table below.

Expenditure incurred under Section 40(6) of the Local Government and Housing Act 1989 must be amortised over 7 years, rather than be subjected to the 4% MRP calculation.

	Housing Revenue Account	Council Fund	S40(6)	Commutation Adjustment	Total
	£'000	£'000	£'000	£'000	£'000
Credit Ceiling 01/04/04	(40)	116,093	23		116,076
					0
MRP - 4%		4,644			4,644
Section40(6) Amortisation			23		23
Adjustment for Loans				(620)	(620)
Commutation by WAG					
Total MRP	0	4,644	23	(620)	4,047

19. Officers' Emoluments

The number of employees whose remuneration, excluding pension contributions, was £40,000 or more for the year is as follows:

2003/04 Number of Employees	Remuneration Band	2004/05 Number of Employees
117	£40,000 - £49,999	149
19	£50,000 - £59,999	23
7	£60,000 - £69,999	11
11	£70,000 - £79,999	14
1	£80,000 - £89,999	2
3	£90,000 - £99,999	2
0	£100,000 - £109,999	1
2	£110,000 - £119,999	0
0	£120,000 - £129,999	2
160	Total	204

20. Members' Allowances

The expenditure on Members' Allowances for 2004/05 was £910,510 (*£926,354 in 2003/04). This is made up of Basic Allowances (£665,845) and Special Responsibility Allowances (£244,665). Allowances paid are based on guidance issued on allowances for members of county and county borough councils and National Park Authorities carried out by Birmingham University on behalf of the National Assembly for Wales.

* The actual figure in the 2003/04 Statement of Accounts was £847,690 as the National Insurance costs had been excluded inadvertently.

21. External Audit Costs

In 2004/05 Bridgend County Borough Council incurred the following fees relating to external audit and inspection:

2003/04 £'000		2004/05 £'000
233	External audit services	213
48	Statutory Inspection	85
123	Grant Claims and Returns	119
5	Other Services	7
409	Total	424

22. Group Accounts

The Council has interests in Groundwork Bridgend and Neath Port Talbot (Associate Company) and Mid Glamorgan Enterprise Company (Subsidiary Company). Mid Glamorgan Enterprise Company is a dormant company.

Groundwork Bridgend and Neath Port Talbot is a company limited by guarantee and registered charity whose objectives are to promote conservation and provide facilities in the interests of social welfare for recreation and leisure time occupation. Bridgend CBC has insufficient management influence or financial liability (£1) with Groundwork Bridgend and Neath Port Talbot to require consolidation to the accounts. The company had net assets of £650k as at 31st March 2005. A copy of the accounts can be obtained by writing to Groundwork Bridgend and Neath Port Talbot, The Engine House, Parc Tondu, Maesteg Road, Tondu, Bridgend CF32 9TF.

Neither of these interests are considered to be material and consolidated accounts have not been prepared.

23. Related Party Transactions

FRS 8 identifies that the financial position and results of an organisation may be affected by the existence of related parties and by material transactions with them. In the main, material transactions with related parties are already disclosed in the Statement of Accounts. The related party transactions included are cross-referenced to the statement of accounts in the following table.

Related Party Transaction	Reference
Central Government: Revenue Grants Capital Grants	Page 22 (CRA Notes) Page 6 (Explanatory Foreword)
Precepts	Page 19 (CRA Notes)
Rhondda Cynon Taff County Borough Council Pension Fund	Page 23
Department of Education and Employment (Teachers Superannuation Fund)	Page 23

The Authority has material transactions with Bridgend Local Health Board. In 2004/05 funding of £647k (£398k in 03/04) was received for services provided by Bridgend CBC, mainly within Social Services.

In addition to the disclosures detailed above, the Deputy Chief Executive Officer and Executive Director Resources is also the Treasurer of the South Wales Police Authority and members of the Council also stand on various management committees for voluntary groups throughout the Bridgend area to which the Authority has made various financial contributions.

The housing association, Valleys to Coast Housing, was created in 2002/03 in preparation for stock transfer that took place in 2003/04. Members are also involved in the management of this organisation.

HOUSING REVENUE ACCOUNT FOR YEAR ENDED 31ST MARCH 2005

2003/04 £'000		2004/05 £'000
	INCOME	
6,613	Dwellings Rents (Gross)	(11)
93	Non-Dwelling Rents (Gross)	0
126	Charges for Services and Facilities	46
3,250	Housing Revenue Account Subsidy	(214)
21	Modified Scheme	0
29	Interest on Balances	0
33	Mortgage Interest (including MIRAS)	0
10,165	TOTAL INCOME	(179)
	EXPENDITURE	
2,140	Repair and Maintenance	122
1,900	Supervision and Management	(7)
4,836	Rent Rebates	0
1,759	Capital Financing Costs	0
10,635	TOTAL EXPENDITURE	115
(470)	(DEFICIT)/SURPLUS FOR YEAR	(294)
1,030	BALANCE BROUGHT FORWARD	560
	BALANCE TRANSFERRED TO GENERAL FUND	266
560	BALANCE CARRIED FORWARD	0

NOTES TO HOUSING REVENUE ACCOUNT

The Housing Revenue Account continued to operate for 2004/05 whilst arrangements were being made with the Welsh Assembly Government for its closure and transfer of Brynmenyn Homelessness Hostel to the General Fund. The process for transferring Brynmenyn Homelessness Hostel was completed in late December resulting in the expenditure and income for Brynmenyn Homelessness Hostel being incurred by the HRA up until this date.

In addition to the Brynmenyn Homelessness Hostel costs, there were other costs affecting the HRA, the main one being as a result of the final audit of the HRA subsidy. The HRA was officially closed on 31st March 2005 and the balance was transferred to the General Fund.

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2005

2003/04		2004/05		Notes
		£'000	£'000	
	TANGIBLE FIXED ASSETS			
292,060	Other Land and Buildings	296,073		
4,198	Vehicles, Plant and Equipment	5,083		
98,500	Infrastructure Assets	98,735		
1,862	Community Assets	1,893		
	Non-Operational Assets			
13,751	Investment Properties	13,705		
3,081	Assets under Construction	4,792		
4,739	Surplus Assets	3,900		
418,191	Total Tangible Fixed Assets		424,181	1
	LONG TERM DEBTORS			
828	Mortgages		643	3
419,019	Total Long Term Assets		424,824	
	CURRENT ASSETS			
281	Stocks and Work In Progress	294		
23,249	Debtors	27,804		4
100	Short Term Investments	100		
6,106	Loan Premiums Paid and Received	7,025		2
0	Cash at Bank	14		
	CURRENT LIABILITIES			
(9,676)	Short Term Borrowing	(3,066)		
(25,866)	Creditors	(28,408)		5
(90)	Bank Overdraft	0		
	Net Current Assets		3,763	
413,123	Total Assets Less Current Liabilities		428,587	
(76,827)	Long Term Borrowing		(91,459)	7
(411)	Deferred Liabilities		0	
(40,671)	Government Grants Deferred		(49,739)	8
(3,890)	Capital Contributions Deferred		(3,854)	8
(4,200)	Provisions		(4,357)	6
(121,130)	Pensions Liabilities		(178,380)	18
165,994	Total Assets Less Liabilities		100,798	
224,940	Fixed Asset Restatement Account		224,320	9
33,361	Capital Financing Account		27,013	10
(121,130)	Pensions Reserve		(178,380)	18
11,052	Usable Capital Receipts Reserve		9,777	12
8,199	Council Fund Balance		7,476	
1,969	Delegated Schools Balance		3,343	13
7,055	Earmarked Balances		7,255	13
560	Housing Revenue Account Balance		0	
(12)	Other Funds		(6)	14
165,994	Total Equity		100,798	

I certify that the accounts set out on Pages 12 to 47 presents fairly the financial position of the Council as at 31st March 2005.

L.M. JAMES B.Sc. (Econ), I.P.F.A
Deputy Chief Executive and Executive Director – Resources
14th December 2005

NOTES TO CONSOLIDATED BALANCE SHEET

1.a Movement of Fixed Assets

Operational Assets	Other Land and Buildings £'000	Vehicle, Plant and Equipment £'000	Infra- Structure £'000	Comm- unity Assets £'000	Total £'000
Certified valuation at 31st March 2004	292,060	10,340	122,058	1,862	426,320
Accumulated depreciation and impairment		(6,142)	(23,558)		(29,700)
Net book value at 31st March 2004	292,060	4,198	98,500	1,862	396,620
<u>Movement in 2004/05</u>					
Additions	10,145	1,440	9,047	48	20,680
Non Enhancement written out to Deferred Charges	(1,182)	(11)	(4,558)	(17)	(5,768)
Net Additions	8,963	1,429	4,489	31	14,912
Reclassification	1,257	504			1,761
Disposals / Deminimis	(288)	(40)	(39)		(367)
Revaluations					0
Depreciation	(5,581)	(1,008)	(4,215)		(10,804)
Impairments	(338)				(338)
Net book value at 31st March 2005	296,073	5,083	98,735	1,893	401,784

During 2004/05 assets were disposed of which had a book value of £1.271m.

Non-Operational Assets	Investment Properties £'000	Assets Under Construct. £'000	Surplus Assets £'000	Total £'000
Certified valuation at 31st March 2004	13,760	3,081	6,920	23,761
Accumulated depreciation and impairment	(9)		(2,181)	(2,190)
Net book value at 31st March 2004	13,751	3,081	4,739	21,571
<u>Movement in 2004/05</u>				
Additions		3,098	69	3,167
Non Enhancement written out to Deferred Charges		(63)		(63)
Net Additions		3,035	69	3,104
Reclassification	67	(1,324)		(1,257)
Disposals / Deminimis	(28)		(876)	(904)
Revaluations				0
Depreciation	(85)		(32)	(117)
Impairments				0
Net book value at 31st March 2005	13,705	4,792	3,900	22,397

1.b Summary of Fixed Assets held

Category	Number as at 31 March 2004	Number as at 31 March 2005
Schools	68	68
Other Educational Establishments	5	3
Libraries	7	7
Car Parks	17	17
Cemeteries and Buildings	20	20
Crematoria	1	1
Reclaimed Land	18	18
Markets	2	2
Shops	10	9
Public Conveniences	16	19
Nature Reserves	1	1
Social Services Establishments	29	29
Bus Stations	2	2
Sports Pavilions	44	43
Recreation Grounds and Parks	16	16
Recreation & Entertainment Centres	12	12
Community Centres	17	17
Swimming Pools	5	5
Industrial Estates	24	24
Civic Offices	2	2
Other Offices	4	5
Depots	7	9
Miscellaneous Assets	13	24

1.c Capital Commitments

At 31st March 2005 commitments of approximately £2.598 million existed on capital works contracts started before that date, details of which are shown in the table below.

2003/04 £'000	Description	2004/05 £'000
1,396	Renovation Grants	1,542
2,119	Transport Grant Schemes	528
0	Bridgend Valleys' Gateway	505
0	Bridgend War Memorial	23
72	Rhiw Car Park	0
3,587	Total	2,598

1.d Fixed Asset Valuation

The freehold and leasehold properties of Bridgend County Borough Council were valued as at 1st April 2004 by Cooke and Arkwright Chartered Surveyors on the under mentioned basis in accordance with the Statements of Asset Valuation, Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. The revaluation carried out was recorded in the Statement of Accounts as at 31st March 2004.

Fixed Assets are included in the Balance Sheet on the valuation basis set out in the Statement of Accounting Policies on page 12.

1.e Assets Held Under Finance Leases

Any remaining assets held under finance leases have a zero net book value as at 31st March 2005. This was also the case as at the 31st March 2004.

1.f Analysis of Capital Expenditure

2003/04 £'000	Description	2004/05 £'000
11,836	Operational Fixed Asset Net Additions	15,416
1,287	Non-Operational Fixed Asset Net Additions	3,104
0	Operational Non Enhancement Exp written out to Deffered Charges	5,768
0	Non-Operational Non Enhancement Exp written out to Deferred Charges	63
13,309	Deferred Charges	5,208
26,432	Total	29,559

1.g Sources of Finance for Acquisition of Fixed Assets

2003/04 £000	Source	2004/05 £'000
9,957	Loans	9,651
16,163	Government Grants	17,729
196	Capital Receipts	2,425
217	Revenue Contribution	641
426	Other Contributions	284
(527)	Net Accruals	(1,171)
26,432	Total	29,559

1.h Deferred Charges

These relate to capital expenditure that does not result in a tangible fixed asset. They include renovation grants and contributions towards capital expenditure incurred by other parties.

	Balance b/f £'000	Exp. In Year £'000	Written to Revenue £'000	Bal. c/f £'000
Operational Non Enhancement Expenditure written out to Deferred Charges	0	5,768	5,768	0
Non-Operational Non Enhancement Expenditure written out to Deferred Charges	0	63	63	0
Improvement Grants	0	3,415	3,415	0
Other	0	1,793	1,793	0
	0	11,039	11,039	0

2. Loan Premiums Paid and Received

This represents the premiums paid on the early redemption of loans.

2003/04 £'000		2004/05 £'000
2,063	Balance brought forward	6,106
4,411	New Premiums	1,447
3,928	Premiums Resulting from Housing Stock Transfer	0
(3,928)	Housing Stock Transfer Premiums Written Off to CRA	0
(368)	Charged to Revenue Accounts	(528)
6,106	Balance carried forward	7,025

3. Long Term Debtors

These represent the value of long term loans made by the Council to former tenants and private households for mortgages are analysed as follows:

	Mortgages £'000	Total £'000
Balance brought forward	828	828
Loans Repaid	(185)	(185)
Balance carried forward	643	643

4. Debtors

This represents the monies owed to the Council after making provision for debts that might not be recovered. The main debtors are listed below:

2003/04 £'000		2004/05 £'000
	Taxpayers:	
3,889	Council Tax	5,192
2,335	Business Rate Payers	2,901
	Others:	
2,096	Customs and Excise VAT	2,107
1,493	Government Grants	5,027
170	Council House Tenants	0
1,515	National Assembly for Wales NDR Pool	1,538
3,767	Sundry Debtors	5,374
5,423	Reserve Debtors	4,426
3,840	Capital Grants	4,478
677	Housing Benefit Overpayments (not currently recoverable)	587
1,804	Other	628
27,009		32,258
(3,760)	Less Bad Debt Provision	(4,454)
23,249	Total	27,804

Included in the Capital Grants debtor is £706,000 for the Upper Garw Land Reclamation Scheme. This scheme relates to the former Mid Glamorgan County Council for which the contractor went into administration. The Council has been successful in its litigation on the scheme and negotiations are underway to recover the shortfall from Welsh Development Agency funding.

Note 4a The bad debt provision comprises:

2003/04 £'000		2004/05 £'000
634	Sundry Debtors	838
1,633	Council Tax Payers	1,925
0	Housing Benefits	50
677	Housing Benefit Overpayments	587
637	Business Rate Payers	909
179	Council House Tenants	145
3,760	Total	4,454

5. Creditors

These represent monies owed by the Council and are analysed as follows:

2003/04 £'000		2004/05 £'000
11,041	Other Reserve Creditors	11,779
585	Capital Creditors	744
2,948	Payroll Creditors	2,980
4,503	Revenue Creditors	6,425
2,473	Government Grants	2,038
1,639	Local Tax Payers	1,929
1,775	Superannuation Fund	1,846
247	Private Street Works	248
118	Miscellaneous Deposits	103
537	Other	316
25,866	Total	28,408

6. Provisions

The Council sets aside provisions for specific future liabilities that are likely or certain to be incurred but the amounts and timing cannot yet be determined accurately.

Summary of Movements:

	Balance b/f £'000	Expend- iture £'000	Income £'000	Written Off £'000	Balance c/f £'000
Insurance (BCBC)	4,200	(989)	1,146	0	4,357
Total	4,200	(989)	1,146	0	4,357

The Council has adopted a policy of self-insuring some of its liabilities in respect of motor, property, employer's liability and public liability. This provision exists to cover outstanding liabilities both claimed and incurred but not reported. The balance on the fund is normally set in line with an actuary's report, however with all but one of the years of Bridgend CBC forecasting that liability claims will exceed the 'stop-loss' limit on the Council's policies, that limit has been used as the basis for the provision. There is no material unfunded risk.

7. Long Term Loans

2003/04 £'000		2004/05 £'000
	Analysis of Loans by Type	
53,577	Public Works Loans Board	68,209
23,250	Financial Institutions	23,250
76,827	Total	91,459
	Analysis of Loans by Maturity	
368	Between 1 and 2 years	3,795
8,271	Between 2 and 5 years	4,811
10,674	Between 5 and 10 years	4,238
57,514	More than 10 years	78,615
76,827	Total	91,459

8. Government Grants and Capital Contributions Deferred

Where the acquisition or enhancement of a fixed asset is financed wholly or in part by a government grant or other contribution, the amount of the grant is credited initially to the Government Grants deferred account or in the case of a capital contribution to the Capital Contributions Deferred Account. Amounts are then released to the asset management revenue account over the useful life of the asset to match the depreciation charged on the asset to which it relates.

The balance on both these accounts represents the remaining value of capital grants or contributions which have been applied to finance the acquisition or enhancement of fixed assets held in the asset register which are subject to depreciation.

9. Fixed Asset Restatement Account (FARA)

This account represents the difference between the historic cost of fixed assets and their revaluations in the Asset Register. The account will be written down by the net book value of assets as they are disposed of and debited or credited with deficits or surpluses arising from future revaluations. The movements for the year are summarised in the table below.

2003/04 £'000		2004/05 £'000
212,876	Balance Brought Forward	224,940
(72,252)	Council House Demolitions/Disposals	0
(1,066)	Disposal of Assets	(620)
85,382	Revaluation as at 1st April 2004	0
224,940	Total	224,320

10. Capital Financing Account (CFA)

This account contains the amounts that 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 capital receipts and revenue. It also contains the difference between amounts provided for depreciation and that required by statute to be charged to revenue to repay the principal element of external loans. The movements for the year are shown in the table below.

2003/04 £'000		2004/05 £'000	£'000
(5,006)	Balance Brought Forward		33,361
45,736	Write Out Council House Assets	0	
299	Revenue Contribution to Capital	641	
1,810	Capital Receipts Set Aside in Year	0	
196	Capital Receipts used to Finance Capital Expenditure	2,591	
48,041			3,232
4,153	Minimum Revenue Provision	4,047	
(11,621)	Depreciation	(10,921)	
(2,263)	Impairment	(338)	
1,517	Government Grants and Contributions Written Down	1,623	
(160)	Mortgage Repayments (Council Fund)	226	
0	Prudential Code Principal Repayment	179	
(1,300)	Capital Expenditure charged to Revenue	(4,396)	
(9,674)			(9,580)
33,361	Balance Carried Forward		27,013

11. Provision for Credit Liabilities
(Memorandum Account)

2003/04 £'000		2004/05 £'000
0	Balance Brought Forward	0
1,810	Reserved Proportion of Capital Receipts	0
4,153	Minimum Revenue Provision	4,047
5,963		4,047
(5,963)	Repayment of External Loans	(4,047)
0	Balance Carried Forward	0

12. Useable Capital Receipts Reserve

This represents the capital receipts available to finance expenditure in future years.

2003/04 £'000		2004/05 £'000
9,248	Balance Brought Forward	11,052
3,810	Capital Receipts Received	1,351
(1,810)	Amounts Set Aside to Repay External Loans	0
(196)	Receipts Used to Finance Capital Expenditure	(2,626)
11,052	Balance Carried forward	9,777

The reserve includes a balance set aside of £5.0m for outstanding liabilities in respect of stock transfer. These include underfunded superannuation (£2.5m) for transferring employees and any unforeseen issues relating to transferred houses not covered by the extensive environmental warranty or housing disrepair claims.

13. Earmarked Reserves

The movement on the Earmarked reserves of the Authority represents a charge to the Net Cost of Services within the Consolidated Revenue Account of the Authority. However, in the case of the Interest Actualisation Reserve (see note 131 below), the reserve has been created from a charge to the Asset Management Revenue Account (AMRA). The table below details the transfers.

2003/04 £'000		2004/05 £'000
7,528	Balance Brought Forward	9,024
1,496	Transfer from Consolidated Revenue Account	1,162
0	Creation of Interest Actualisation Reserve (AMRA)	412
9,024	Total	10,598

2003/04 £'000		2004/05 £'000
1,969	Delegated Schools Balance	3,343
384	Corporate Services (Note 13a)	648
66	Education Leisure and Community Services (Note 13a)	236
717	Environment and Planning (Note 13a)	260
245	Chief Executive Directorate (Note 13a)	131
118	Personal Services Directorate (Note 13a)	176
370	Business Restructuring Reserve (Note 13b)	370
540	Business Systems Development (Note 13c)	484
841	Children's Services Reserve (Note 13d)	470
204	Energy Conservation Fund (Note 13e)	227
200	Insurance Reserve	0
111	Job Evaluation (Note 13f)	145
0	Maesteg Schools PFI (Note g)	600
1,955	Reserve for Former Mid Glamorgan CC Liabilities (Note 13h)	1,955
662	Other Minor Reserves	376
392	Revenues Business Re-engineering (Note 13i)	205
250	Road Maintenance Reserve (Note 13j)	260
0	Waste Management Reserve (Note 13k)	300
0	Interest Actualisation Reserve (Note 13l)	412
9,024	Total	10,598

Analysis of Delegated Schools Balance

2003/04 Closing Balance £'000		2004/05 Over spends £'000	2004/05 Under spends £'000	2004/05 Closing Balance £'000
895	Primary Schools	(37)	1,587	1,550
825	Secondary Schools	(42)	1,473	1,431
249	Special Schools	0	362	362
1,969	Total	(79)	3,422	3,343

Note 13a Directorate Over/Underspends Carried Forward

Besides general revenue reserves for the Council Fund and schools, the Council has established earmarked revenue reserves for each Directorate to enable over and under spends to be carried forward to the next financial year. These reserves are earmarked for specific purposes.

Note 13b Business Restructuring Reserve

As a result of the transfer of the Authority's housing stock to Valleys to Coast Housing, the central services functions are to be streamlined. This is to take account of the loss of services charged to housing which can no longer be made. Although some services are carried out for

Valleys to Coast under service level agreements, these will gradually cease over the next 3 years

Note 13c Business Systems Development

This reserve is set aside for planned system development during 2005/6 to 2008/9. These include the integrated Payroll/HR system, the financial information system and linked e-government initiatives to the cash system.

Note 13d Children's Services Reserve

As part of the 2003/04 budget setting process a need to increase the level of funding for Children's Services was identified. This fund was allocated from the general underspend on revenue in 2002/03 and was fully utilised in 2003/04 and 2004/05. This funding was part of a spend to save initiative with the objective of reducing costs in future years. A decision was made in the 2005/6 budget process to make a further advance of £400k to the fund from the general revenue balance so that the spend to save initiative can continue.

Note 13e Energy Conservation Fund

The Energy Conservation Fund was set up to help finance work carried out on council establishments with a view to reducing energy consumption. Advances are made from the fund to Directorates and repaid over a five-year period.

Note 13f Job Evaluation

This is an ongoing reserve assessed during each budget setting process to fund a review of all posts within the Authority. The project is ongoing and should be completed by 1st April 2007..

Note 13g Maesteg Schools PFI

It is likely that the PFI negotiations will be concluded in 2005 and financing costs will become due. An amount has been set aside to meet these costs.

Note 13h Reserve for Former MGCC Liabilities

A single provision has been established as cover for all the potential liabilities arising out of the former County Council, subsuming the former provisions for Former MGCC Insurance, Upper Garw Land Reclamation, Stormy Farm and part of the Provision for Doubtful Debts.

Note 13i Revenues Business Re-Engineering

This fund has been set up from underspends on the revenues budgets in order to ensure that during the new system implementation there is no loss of service to the public. It is also used to cover any potential loss of subsidy from the Department of Works and Pensions (DWP) while the new system beds in because maximisation of subsidy is dependent on performance targets being achieved. Part of the fund has been used for this in 2004/5. The balance of the fund will be used to complete phase 2 of the project.

Note 13j Road Maintenance Reserve

As part of the 2005/6 budget setting process a need to increase the level of road maintenance was identified and it was agreed that this would be met from the general revenue balances of the Authority. This fund will be fully utilised in 2005/06.

Note 13k Waste Management Reserve

This earmarked reserve has been established due to the delay in the Materials Recovery and Energy Centre ('MREC') becoming operational. It will be used to offset increased waste management costs in 2005/06 and future years.

Note 13l Interest Actualisation Reserve

This reserve has been created to average out interest payments of market bonds with stepped interest rates. The funding has come from the Asset Management Revenue Account.

14. Other Funds

These Funds relate to monies the Authority holds on behalf of various Social Service clients.

15. Trust Funds

The authority administers Trust Funds, which are mainly of an educational or recreational nature. A large proportion of the balances are invested in the Authority's internal balances. The Trust Funds do not represent assets of the Council and are accounted for separately. The principal categories of funds and balances at the 31st March 2005 are:

2003/04		2004/05
£		£
0	Social Services Home For The Elderly	102,188
55,041	Education	54,787
36,192	Nantymoel Workmans Hall	38,019
52,985	Swimming Development Fund	53,372
965	Other	1,009
145,183	Total	249,375

16. Contingent Liabilities

Municipal Mutual Insurance Ltd

Prior to Local Government Reorganisation the former Ogwr Borough Council's insurance cover was provided by Municipal Mutual Insurance Ltd., but this company hit severe financial difficulties and ceased to write new or renew policies. The company is in the process of running off its assets and liabilities but because of the nature of insurance liabilities this is likely to take many years. Currently the company is still regarded as solvent and expected to complete the run off with a surplus. However, in order to reduce the risk of this becoming insolvent a scheme of arrangements has been agreed between the company and its major creditors. As a result of this the company continues to meet the Council's claims in full but if at some time in the future the run off ceases to be solvent a retrospective levy may be made on claims paid since 30th September 1993 and a percentage reduction made to future claims.

Housing Stock Transfer

As a result of the transfers of the Authority's council houses to Valleys to Coast Housing, there are a number of residual issues for which the Authority may be liable. There are residual housing disrepair claims that have yet to be settled and there are environmental issues that are not covered by the environmental warranty. However, the effect of these issues cannot be quantified at present.

Island Farm Judicial Review

A Developer has lodged an appeal against a ruling from the Royal Courts of Justice that turned down a judicial review into the Council's decision not to sell a key site at Island Farm required for the development of a Welsh Rugby Union academy, housing, hotel and business park. As a consequence, this matter will now be considered by judicial review.

Materials Recovery and Energy Centre (MREC)

The uncertainty surrounding this and waste management costs continues. It is a high priority within the Authority. An earmarked reserve of £300k has been created (see Note 13k above).

17. Analysis of Net Assets Employed

2003/04 £'000		2004/05 £'000
71,746	General Fund	93,590
123	HRA	0
4,811	Trading Accounts	7,208
76,680	Total	100,798

18. Pensions Liabilities, FRS 17 Disclosures

Employees are admitted to the Rhondda Cynon Taf County Borough Council Pension Fund, which is administered by Rhondda Cynon Taf County Borough Council under the Regulations governing the Local Government Pension Scheme, a defined benefit scheme. The figures disclosed below are based on the liabilities determined in the Actuarial Valuation as at 31st March 2004 on a going concern basis. The results have been adjusted by allowing for FRS17 financial assumptions and rolling forward the liabilities to the 31st March 2005 in an approximate manner.

The demographic assumptions used are exactly the same as for the previous valuation. The main financial assumptions used were:

	31/03/2004 % pa	31/03/2005 % pa
Inflation rate	2.9	2.9
Discount rate for scheme liabilities	6.4	5.3
Discount rate for pension costs over year	5.4	5.3
Rate of pension increases	2.9	2.9
Rate of salary increases	4.7	4.4

Assets are valued at fair value, principally market value for investments. The proportions of total assets held in each asset type by the Fund as a whole as at 31st March 2004 and 31st March 2005 are set out in the following table.

	31st March 2004 %	31st March 2005 %	Long Term Return 31/3/04 %	Long Term Return 31/3/05 %
Equities	76	77	7.7	7.7
Bonds – Government	15	16	4.7	4.7
Bonds - Corporate	1	1	5.5	5.3
Property	0	0	6.7	6.7
Other	8	6	4.2	4.8
Total	100	100	7.1	7.0

The following amounts show the assets and liabilities of the Fund that are attributable to Bridgend County Borough Council. A review of the actual bases of the share of assets and liabilities for the Authority has taken place within the year. The overall position of the Fund is represented in the following tables and shows an increase in the deficit of £52.34m.

	31st March 2004 £m	31st March 2005 £m
Share of Assets	181.31	162.04
Estimated Funded Liabilities	(293.73)	(325.79)
Estimated Unfunded Liabilities	(8.71)	(14.63)
Bridgend CBC Deficit	(121.13)	(178.38)

Bridgend CBC has usable reserves of £29.1m, representing a shortfall of £149m on the notional loss on the Pension Fund relating to Bridgend CBC. Any claw back of losses on the Pension Fund is subject to actuarial revaluations that take place every three years. Bridgend CBC is required to comply with actuarial advice.

The movement in the net deficit for the year to 31st March 2005 is as follows:

	31st March 2005 £m
Deficit in the Fund at the Beginning of the Period	(121.13)
Contributions paid	12.12
Current service cost	(11.25)
Past service cost	(0.22)
Gain/Loss on Settlements or Curtailments	0.00
Expected return on Pension Fund assets	12.88
Interest on Pension Scheme liabilities	(19.74)
Actuarial gain (loss)	(51.04)
Deficit in the Fund at end of period	(178.38)

STATEMENT OF TOTAL MOVEMENTS IN RESERVES										
	General Fund	Earmarked Balances	HRA	CRA Sub Total	Other Funds	Pensions Reserve	Usable Capital Receipts	Fixed Asset Restatement Account	Capital Financing Account	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance 1 April 2004	8,199	9,024	560	17,783	(12)	(121,130)	11,052	224,940	33,361	165,994
Balance 31 March 2005	7,476	10,598	0	18,074	(6)	(178,380)	9,777	224,320	27,013	100,798
Movement During the Year	(723)	1,574	(560)	291	6	(57,250)	(1,275)	(620)	(6,348)	(65,196)
Made up of:										
Revenue Surplus/(Deficit) for the Year	(723)		(560)	(1,283)	6	(6,210)				(7,487)
Transfers to/(from) Earmarked Reserves (CRA)		1,162		1,162						1,162
Transfers to/(from) Earmarked Reserves (AMRA)		412		412						412
Pension Fund Actuarial Gain/Loss (a)				0		(51,040)				(51,040)
Sale of fixed Assets and Repayment of Advances				0			1,351			1,351
Transfer of Reserved part of Capital Receipts				0			0			0
Financing of Capital Expenditure				0			(2,626)		2,591	(35)
Minimum Revenue Provision				0					4,047	4,047
Depreciation Provision				0					(10,921)	(10,921)
Government Grants and Contributions Written Down				0					1,623	1,623
Mortgage Repayments				0					226	226
Prudential Code Repayment				0					179	179
Capital Expenditure Charged to Revenue				0					(4,396)	(4,396)
Revenue Contribution to Capital				0					641	641
Impairment				0					(338)	(338)
Revaluation				0						0
Write Down of Disposal of Assets				0				(620)		(620)
Total	(723)	1,574	(560)	291	6	(57,250)	(1,275)	(620)	(6,348)	(65,196)
Note (a) Actuarial Gains identified as movements on the Pensions Reserve:							£'m			
Differences between expected and actual return on assets							2.41			
Differences between actuarial assumptions and actual experience							17.55			
Changes in demographic and financial assumptions used							(71.00)			
Total							(51.04)			
Comparative Totals for 2003/04							19.96			

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2005

2003/04 £'000	Notes	£'000	£'000
	<u>Revenue Activities</u>		
	Cash Outflows		
135,878	Cash Paid to and on Behalf of Employees	139,658	
105,136	Other Operating Costs	99,432	
23,538	Housing Benefit Paid Out	33,624	
27,562	NNDR Payments to the Pool	27,647	
5,601	Precepts Paid	6,254	
	Cash Inflows		
(3,836)	Rents (After Rebates)	(1,623)	
(42,718)	Council Tax Income	(44,328)	
(27,916)	NNDR Rate Collection	(28,589)	
(26,649)	NNDR Net Adjustment	(24,677)	
(103,667)	Revenue Support Grant	(105,278)	
(16,446)	DSS Grants for Rebates	(23,933)	
(32,862)	Other Government Grants	(39,260)	2
(31,892)	Cash Received for Goods and Services	(19,307)	
(24,991)	Other Operating Cash Receipts	(23,898)	
(13,262)	1		(4,278)
	<u>Return on Investments and Servicing of Finance</u>		
	Cash Outflows		
11,543	Interest Paid	6,522	
	Cash Inflows		
(471)	Interest Received	(426)	
11,072			6,096
	<u>Capital Activities</u>		
	Cash Outflows		
19,522	Purchase of Fixed Assets	18,519	
517	Other Capital Cash Payments	287	
	Cash Inflows		
(4,328)	Sale of Fixed Assets	(1,760)	
(8,872)	Capital Grants Received	(9,951)	
(49,850)	Other Capital Cash Payments Received	(996)	
(43,011)			6,099
(45,201)	Net Cash (Inflow)/Outflow Before Financing		7,917
	<u>Financing</u>		
	Cash Outflows		
104,466	Repayments of Amounts Borrowed	133,061	
	Cash Inflows		
(19,250)	New Long Term Loans Raised	(23,907)	
(42,800)	New Short Term Loans Raised	(117,175)	
42,416			(8,021)
(2,785)	(Increase)/Decrease in Cash	3	(104)

NOTES TO CASH FLOW STATEMENT					
1. Reconciliation to Revenue Account					
				£'000	£'000
Surplus/(Deficit) on:					
Consolidated Revenue Account				(723)	(723)
Add Back:					
Depreciation				11,258	
Depreciation Transfer to Capital Financing Account				(11,188)	
Transfers to Earmarked Reserves				1,014	1,084
Plus/(Less) Movements in Relevant Balance Sheet Items:					
Increase in Stock				(13)	
Increase in Provisions				157	
Increase in Creditors				3,144	
Increase in Debtors				(4,555)	
Increase in Other Funds				7	
Increase in Loan Premiums				(919)	
					(2,179)
					(1,818)
Cash Flow on Servicing of Finance					6,096
Cash Flow on Revenue Activities					4,278

2. Government Grants Received			
			£'000
Housing			7,503
Education and Learning in Wales			5,802
Other Education			4,461
Other Grants			4,790
Other Social Services			5,914
Supporting People			3,333
Resettlement Grant			1,680
GEST			1,284
Housing/CTX Benefits Administration			819
Mental Handicap Strategy Grant			702
Rural Bus Grant			368
Capacity Grant			796
Lottery Grants			123
Community Support			55
Concessionary Fares Grant			1,293
Waste Grants			337
Total			39,260

3. Analysis of Balances on Cash as Shown in the Balance Sheet			
	Balance B/F 1/4/04 £'000	Balance C/F 31/03/05 £'000	Change During Year £'000
Cash at Bank	(90)	14	104
	(90)	14	104

4. Financing and Management of Liquid Resources			
	Balance B/F 1/4/04 £'000	Balance C/F 31/03/05 £'000	Change During Year £'000
Short Term Investments	100	100	0
	100	100	0

5. Reconciliation of Movement in Cash to Movement in Net Debt			
	Balance B/F 1/4/04 £'000	Balance C/F 31/03/05 £'000	Change During Year £'000
<u>Borrowing</u>			
Short Term	9,676	3,065	(6,611)
Long Term	76,827	91,459	14,632
<u>Cash and Short Term Investments</u>			
Short Term Investments	(100)	(100)	0
Cash at Bank	90	(14)	(104)
	86,493	94,410	7,917
Increase in Cash During the Period			(104)
Reduction in Short Term Investments			0
Decrease in Short Term Borrowing			(6,522)
Increase in Long Term Borrowing			14,632
Change in Net Debt			8,006
Net Debt 1/4/04			86,493
Net Debt 31/3/05			94,410
Change in Net Debt			7,917

