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Explanatory Foreword

By Gareth Moss, Executive Director - Resources



1. Introduction To The Statement Of Accounts

The accounts for 2006/07 have been produced in line with a new Statement of Recommended Practice (SORP) for 2006. This has required some fundamental changes to the accounts presentation and hence includes a restatement of the accounts published for 2005/06. Specific changes include:

- The replacement of the Consolidated Revenue Account with an Income and Expenditure Account and Statement of Movement on the General Fund Balance
- Renaming the Consolidated Balance Sheet as the Balance Sheet
- The replacement of the Statement of Movement on Reserves with a Statement of Total Recognised Gains and Losses.

The purpose of these changes is to make Local Authority Accounts compliant with UK Generally Accepted Accounting Practice (UKGAAP).

These accounts consist of the following financial statements:

a) Statement of Responsibilities for the Statement of Accounts

This sets out the respective responsibilities of the Council and its officers for the preparation and approval of the Statement of Accounts.

b) Statement of Internal Control (SIC)

This statement provides a continuous review of effectiveness of the Council's internal control and risk management systems, so as to give assurance on their effectiveness and/or to produce a management action plan to address identified weaknesses.

c) 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.

d) The 'Core' Financial Statements

1. The Income & Expenditure Account

This is a new statement which summarises the income and expenditure incurred on the day to day running of all the Council's activities. Some caution is required in interpreting this statement as the cost of services shown includes items which are not directly funded by the Council Tax payer. In particular this includes depreciation on the fixed assets owned by the Authority and the estimated cost of the shortfall on the pension scheme.

In order to comply with the requirements of the Best Value Accounting Code of Practice (BVACOP) the expenditure analysis for Social Services has been split for 2006/07 into Children's Social Services and Adult Social Services. As this is a new requirement, it is not possible to show comparative figures for the previous year.

For 2006/07, the Authority showed a deficit on the Income and Expenditure Account of £11.5m. This does not however reflect the true financial position of the Council, which is clarified by the following statement.

2. Statement of Movement on the General Fund Balance

This is another new statement which needs to be read together with the Income and Expenditure Account. This statement shows adjustments to be made to the balance on the Income & Expenditure account in order to explain how the cost of services has been financed from general government grants and by local taxpayers. This shows that the total Council fund balance has decreased by £0.545m. This is made up of a £0.559m reduction in schools balances and an £0.014m increase in the balance generally available.

3. Statement of Total Recognised Gains and Losses

This statement brings together the balance on the Income & Expenditure account with other gains and losses made by the Authority during the year such as those arising from a revaluation of fixed assets. The statement shows the total movement in the authority's net worth for the year, which is a reduction of £12.061m.

4. Balance Sheet

This shows the Council's financial position as at 31st March 2007, where the net worth of assets was £77.245m. 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.

5. Cash Flow Statement

This explains the financial position in cash terms and shows that the Council's cash position had increased by £0.182m.

2. Funding Council Services

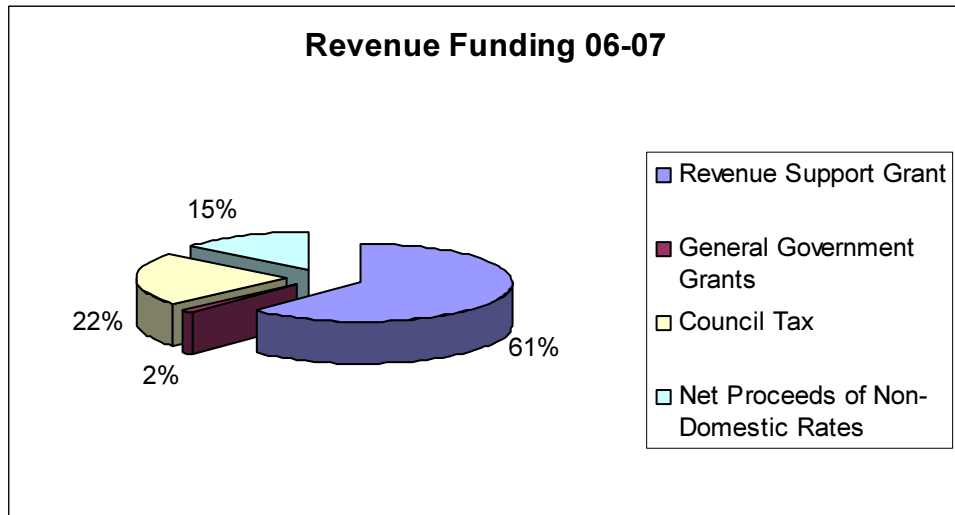
The Council incurs two types of expenditure – revenue expenditure and capital expenditure.

Revenue expenditure covers spending on the day to day costs of services such as staff salaries, maintenance of buildings and general supplies and equipment. This expenditure is paid for by the income received from council tax payers, business ratepayers, the fees and charges made for certain services, and by grants received from government.

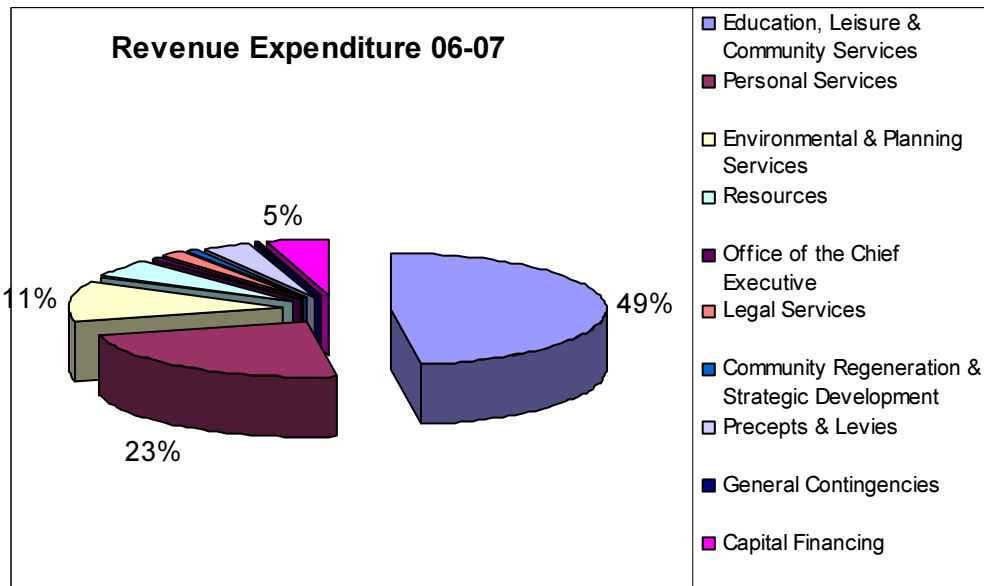
Capital expenditure covers spending on assets such as roads, redevelopment and the major renovation of buildings. These assets will provide benefits to the community for several years and the expenditure is largely financed by borrowing and capital grants.

a) Revenue spending on council services

Where the money came from.....



Where the money was spent.....



Statement of Accounts

2006/07

In 2006/07 £181.1m was spent on revenue services. This compares to £180.2m anticipated when the budget was set. Additional income from council tax and government grants, combined with the need to make contributions to earmarked reserves resulted in an overall underspend for the Council of £14,000.

The following table shows how the actual spend on services during 2006/07 compared with the budget set for the year. Explanations are provided for significant differences between spend and budget.

Comparison of actual spend with budget 2006/07

	Revised Budget 06/07 £'000	Actual 06/07 £'000	Variance 06/07 £'000
Directorates			
Education, Leisure & Community Services	94,242	94,713	471
Personal Services	46,489	46,159	(330)
Environmental & Planning Services	21,734	22,433	699
Resources	10,702	10,691	(11)
Office of the Chief Executive	1,288	1,268	(20)
Divisions			
Legal and Democratic Services	3,981	4,105	124
Community Regeneration & Strategic Development	1,836	1,712	(124)
Net Cost of Services	180,272	181,081	809
Precepts & Levies	6,789	6,789	0
General Contingencies	618	1,711	1,093
Capital Financing	9,615	9,375	(240)
General Government Grants	(2,070)	(3,072)	(1,002)
Appropriation to/(from) Reserves	(2,000)	(827)	1173
Net Expenditure	193,224	195,057	1,833
Revenue Support Grant	(123,159)	(123,159)	0
Non Domestic Rates	(28,859)	(28,859)	0
Council Tax	(41,206)	(43,053)	(1,847)
Net (Under)/Overspend on Services	0	(14)	(14)

Revised budgets differ from those set at the beginning of the year as they reflect any budget transfers from central funds and reserves to cover unplanned expenditure, along with transfers between Directorates resulting from realignment of responsibilities.

The above table reflects the Council's management structure during 2006/07 of five Directorates and two Divisions along with non-specific expenditure. This is how expenditure is monitored throughout the financial year with regular reports to Cabinet and can be compared with the original budget agreed by Council on 15th February 2006. This differs from the Income and Expenditure Account detailed within the Core Financial Statements which follows the Best Value Accounting Code of Practice structure for services and includes the effect of capital charges and internal recharges in order to allow for better inter- authority comparisons on total costs.

Reasons for differences between budget and spend

The financial position as at the 31st March 2007 showed an over-spend on service expenditure within the year of **£809,000**.

The main reasons for this are:

- *Education, Leisure & Community Services* had an overall overspend of **£471,000** made up of :
 - Overspend of £333,000 on education provision of a specialised nature due to increased demand for these services.
 - Overspend of £234,000 on Early Years education as the costs of providing this service were more than the grant received from the Welsh Assembly Government
 - Overspend of £288,000 on recreation and sport resulting from a loss made by the indoor sports and leisure trading operation.
 - An underspend of £218,000 on school transport due to a reduced demand for this service.
 - An underspend of £221,000 on central costs resulting largely from staff vacancies.
- *Personal Services* reported an underspend of **£330,000** for the year made up of :
 - An overspend of £721,000 on Children's Services due to targeted budget savings not being achieved and the need to invest in improvements to the service, offset by
 - An underspend of £1,029,000 on Adult's Services from a combination of reduced placement costs, increased income and additional grant received.
- *Environmental & Planning Services* had an overspend of **£699,000** resulting from increased waste disposal costs. This overspend will be met from an earmarked reserve set up for this purpose as it was not possible to accurately forecast costs when the budget was set.
- *Legal & Democratic Services* overspent in the year by **£124,000** as a result of the costs of judicial review and increased costs of the legal services Childcare Agreement.

- *Community Regeneration & Strategic Development* reported a year end underspend of **£124,000** as a result of staff vacancies during the year.

Taking into account additional income and transfers to reserves, the overall position for the Council was an underspend of **£14,000**. This was as a result of:

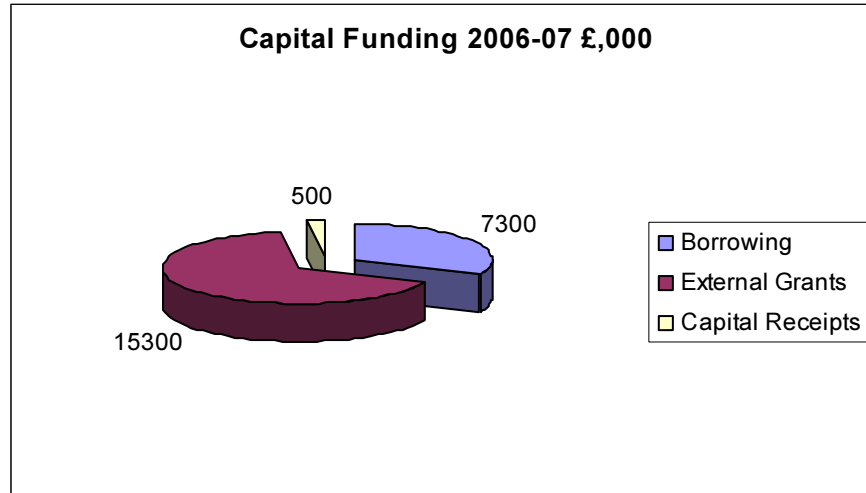
- An increase in Council Tax income over budget of £1.8m.
- The receipt of £1m more grant from the Welsh Assembly than was anticipated. This relates to Local Authority Business Growth Incentive (LABGI) grant, £453,000 of which relates to a retrospective adjustment for 2005/06. The total amount of the LABGI grant was not settled until after the original budget was set.
- Reduced capital financing costs resulting from lower borrowing than was anticipated at the time that the budget was set.
- The need to redesignate an existing earmarked reserve for job evaluation and equal pay claims as a provision and to increase this provision by £350,000.

b) Capital spending in 2006/07

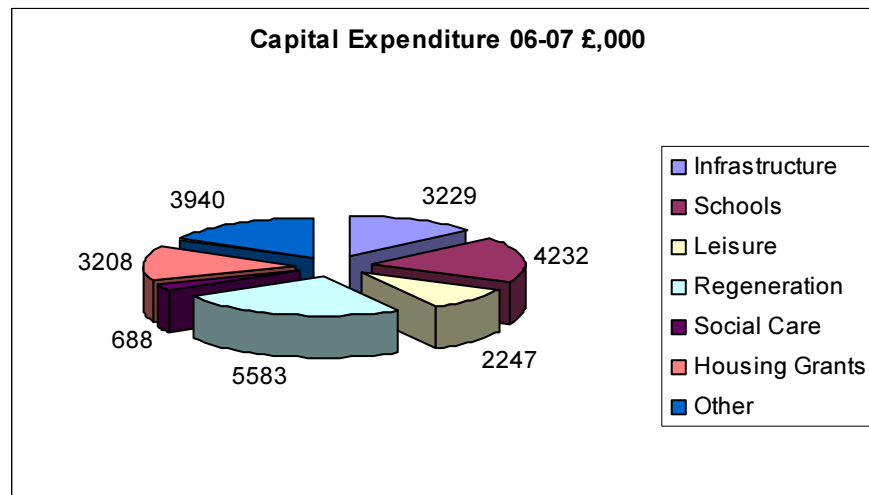
In addition to spending money providing services on a day to day basis, the Council also spends money providing new facilities, enhancing assets within the Council's portfolio or providing capital grants to others. The total capital spending during 2006/07 was £23.1m. Assets created or improved as a result of this spend included:

- £3.2m investment in infrastructure assets
- £4.2m investment in schools including extensions to Tremains Infants and Maes yr Haul Primary schools, improvements at Coety Primary, Pencoed Comprehensive and Maesteg Comprehensive schools and nursery provision at Afon y Felin and Bettws primary schools.
- £0.5m on an improved visitor centre at Kenfig Nature Reserve
- Completion of Phases 1 and 2 of the regeneration of Maesteg and the start of Phase 3.
- Investment of £3.1m in the on-going regeneration of Bridgend town centre
- £688,000 investment in social care establishments.
- Grants of £3.2m to provide disabled facilities and upgrades to the private housing stock in the County Borough.

Where the money came from.....



What the money has been spent on.....



c) Borrowing arrangements and sources of funds

Each year, in accordance with the Local Government Act 2003, and the Prudential Code, the Council is required to set limits in relation to:-

- Authorised limit for borrowing;
- Limits on exposure to fixed and variable interest rates;
- Various other prudential indicators.

The limits set at the start of the financial year were as follows:-

Authorised borrowing limit	£126m
Interest rate exposure – borrowing	Percentage
Limits on total % of borrowing at fixed interest rates	90%
Limits on total % of borrowing at variable interest rates	30%

As can be seen from the Balance Sheet, long term borrowing totalled £91.8m at 31st March 2007.

Note 33 to the Balance Sheet shows that the majority of external borrowing, £68.6m, was from the Public Works Loan Board (PWLB). The remaining balance comprises £23.2m from other sources including market bonds.

The Council is required under the Local Government and Housing Act, 1989 to prepare a Treasury Management Strategy for the forthcoming year. The Council's Treasury Management Practices allows the Council to raise funds from a variety of sources, including the money market and the European Investment Bank. The Executive Director – Resources is authorised to take the most appropriate form of borrowing from approved sources within the overall borrowing limits set by Council.

3. The Council's reserves

The financial reserves held by the Authority at 31st March 2007 can be summarised as follows:

	Opening Balance £'000	Movement £'000	Closing Balance £'000
Council Fund	7,712	14	7,726
Delegated Schools	3,199	(559)	2,640
Earmarked Reserves	7,375	(827)	6,548
Total Reserves	18,286	(1372)	16,914

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 fallen by £559k to £2.64 million as at 31st March 2007. This equates to 0.8% of the total allocation to schools for the financial year. As part of the requirements of the Financial Scheme for Schools, schools have been asked to provide reasons for holding these balances. Reasons can include issues such as falling rolls, negative retrospective adjustments and planned initiatives.

Further information about earmarked reserves can be found in notes 26 and 38 to the main financial statements.

4. Changes

There have been no significant changes in the Authority's statutory functions during the year.

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 Executive Director – Resources.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts

Authority’s Certificate

The Statement of Accounts of Bridgend County Borough Council at 31st March 2007 was approved by the Council on 20th June 2007.

Signed **Cheryl Green**.....

C Green
Leader of the Council

Dated **25th June 2007**.....

The Executive Director - Resources is responsible for the preparation of the Authority’s Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (‘the Code of Practice’). The Statement of Accounts is 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 2007.

In preparing this statement of accounts, the 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 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

Director's Certificate

I certify that the Statement of Accounts presents fairly the financial position of Bridgend County Borough Council at 31st March 2007.

SignedG. Moss.....

Gareth Moss BA(Hons) CPFA
Executive Director - Resources

Dated ...7th June 2007.....

The Statement Of Internal Control

1. Scope of responsibility

Bridgend County Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

2. The purpose of the system of internal control

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

The system of internal control has been in place at Bridgend County Borough Council for the year ended 31st March 2007 and up to the date of approval of the annual report and accounts and, except for the details of significant internal control issues at section 5, accords with proper practice.

3. The internal control environment

The key elements of the Council's internal control environment are summarised below. Where reference is made to documents within the Council, details are available from the Council on request or can be found on the Council's website :- www.bridgend.gov.uk.

The key elements are :-

(a) Establishing and monitoring the achievement of the Council's objectives

- The Corporate Improvement Plan 2006-2009
- The external audit of the Corporate Improvement Plan
- The Community Strategy
- Policy Agreement – Bridgend CBC & Welsh Assembly Government
- Cabinet & Corporate Management Board Leadership Plan 2006/07
- Directorate Business Plans
- Service Level Plans
- Strategic Plans
- Joint Risk Assessment – carried out with Wales Audit Office & our regulators

- Cabinet and Council
- Scrutiny
- Three year revenue budget and capital programme
- Corporate Management Board
- Welsh Assembly Government – ‘Making the Connections’
- Relationship Manager’s Annual Letter

(b) Facilitation of policy and decision-making

- The Council’s Constitution
- Cabinet and Council
- Cabinet Committees
- Scrutiny
- Policy Forums
- Welsh Assembly Government’s Spatial Plan
- Corporate Management Board
- Published Cabinet reports, agenda and minutes
- Corporate Officers/Members Working Group
- Delegated powers

(c) Ensuring compliance with established policies, procedures, laws and regulations

- Cabinet and Council
- Scrutiny
- Audit Committee
- Monitoring Officer and Section 151 Officer
- Financial Procedure Rules
- Contract Procedure Rules
- Internal audit
- External audit and inspection
- Risk Management Policy
- Anti Fraud & Corruption Strategy
- Discipline and grievance policies
- Equality procedures
- Whistle Blowing Policy
- Money Laundering Policy
- Codes for conduct of Council employees and Members
- Health and Safety Policies
- Quality Standards and Assurances
- Professional Standards
- Corporate Governance Framework

(d) Ensuring the economical, effective and efficient use of resources and secure continuous improvement in the way functions are exercised

- Cabinet and Council
- Audit Committee
- Scrutiny
- Performance Management Framework
- Corporate Improvement Group
- Procurement arrangements
- Asset Management Plan

- Policy Agreement
- Wales Programme for Improvement (W.P.I)
- Audit and inspection
- Quarterly Business Reviews
- Budget Monitoring Reports to Cabinet
- Operational budget monitoring
- Published Statement of Accounts

(e) Facilitating the financial management of the Council

- Cabinet and Council
- Audit Committee
- The Council's Constitution
- Financial procedure rules
- Audit and inspection
- Scrutiny Committee
- A medium term financial planning process
- Quarterly revenue and capital monitoring reports to Cabinet
- Directorate Finance Officers Working Group

(f) Facilitating the performance management of the authority and its reporting

- Performance Management Framework
- National Performance Measurement Framework for Wales
- Local Performance Indicators
- Benchmarking clubs
- Staff appraisal system
- Statutory and W.P.I. Core Indicator Set
- Policy and Performance Management Unit
- Corporate Improvement Group

The control environment has developed since 1996 evolving to meet new demands and pressures on the Council. The key elements to the framework detailed above can be categorised as :-

- Corporate controls – These comprise a large number of policies, processes and strategies by which the Council exercises control over the operation of all activities within its remit. The Council's Constitution provides the framework for its financial rules, decision making processes and details procedures and codes of conduct for Members and officers. The Corporate Improvement Plan, Corporate Governance and Performance and Risk Management frameworks are other significant policies within this area.
- Departmental controls – These comprise all the processes chief officers have in place within their departments and in particular include departmental approaches to performance and risk management.
- Independent review – This includes the views of Internal Audit, External Audit, Welsh Assembly Government and the various inspection regimes that comment on the operations of the Council to examine ways of ensuring the economic, effective and efficient use of resources.

4. Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. This review is informed by:

- the Executive Directors within the Council who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditors, who submit to the Council's Audit Committee regular reports which include the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement;
- the comments made by the external auditors in their management letters and other reports;
- the reports of other independent inspection bodies and Welsh Assembly Government.

The process for maintaining and reviewing the effectiveness of the system of internal control includes:-

- The Council has adopted a constitution (revised 29/03/06), which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.
- There are five Overview and Scrutiny Committees which oversee the portfolios of the Cabinet Members and which support the work of the Cabinet and the Council as a whole. They allow citizens to have a greater say in Council matters by undertaking investigations into matters of local concern. These lead to reports and recommendations which advise the Cabinet and the Council as a whole on its policies, budget and service delivery. They also monitor the decisions of the Cabinet and can `call-in` a decision which has been made by the Cabinet but not yet implemented. This enables them to consider whether the decision is appropriate. They may recommend that the Cabinet reconsider the decision.
- The Monitoring Officer is responsible for maintaining an up-to-date version of the Constitution to ensure that its aims and principles are given full effect. After consulting with the Head of Paid Service and Chief Finance Officer, the Monitoring Officer will report to the full Council or to the Cabinet in relation to an executive function if he or she considers that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered. He also receives and acts on reports made by the Ombudsman and decisions of the case tribunals.
- The Council has an Audit Committee which is a key component of corporate governance. It provides a source of assurance about the Council's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance.
- The Corporate Improvement Group, an officer working group, is responsible for the on-going monitoring of arrangements for performance management across the Council.
- The Council published its Policy for the Management of Risk in February 2006. It identifies that all Elected Members and employees of the Council

need to make themselves aware of risks in the decision making process and everyday work situations. The Policy describes some key roles within risk management including the Risk Management Programme Board. This receives and scrutinises operational risks from the Directorate Management Teams and recommends the addition of key operational risks to the Council's Risk Register. It is responsible for reporting on Risk Management issues to Council on a bi-annual basis.

- The Corporate Management Board is responsible for the management of risks in all areas under their control. It considers various risk control options for areas designated as requiring priority attention identified within the Corporate Improvement Plan and monitors the effectiveness of the risk management policy.
- Internal Audit is responsible for monitoring the Council's operations in order to review, evaluate and test the adequacy of the Council's systems of internal control as contributions to the proper, economic, efficient and effective use of resources. The three year Internal Audit plan is based on a needs and risk assessment process. Internal Audit reports include recommendations for improvements included in a Management Action Plan that requires agreement or rejection by service managers in a given timeframe. The Chief Internal Auditor prepares an annual report and opinion on the Council's internal control system which is presented to Audit Committee. This report concludes that internal controls within the Authority provide a **satisfactory** level of assurance.
- External Audit present their comments on financial aspects of corporate governance and performance management in their annual audit letter and other reports. For the financial year ending 31st March 2006, the Annual Audit Letter concluded that effective financial management arrangements are in place, although there are some areas for improvement. An 'unqualified opinion' was issued for the annual accounts for 2005/06. There was also praise for the move to a three year Corporate Improvement Plan for the first time and improved performance in the timeliness of the preparation of the year end accounts.

In 2005/06 a Statement of Internal Control Workshop took place as a key element of the Review of Effectiveness. The Workshop membership consisted of the Leader of the Council, all Cabinet Members and the Executive Directors. It was facilitated by the Chief Accountant, the Chief Internal Auditor and the External Audit manager for the Council.

An overview of the S.I.C. process was given that described the process for reviewing and gathering the assurances needed for the review of effectiveness to ensure that risk is being managed and controls are working appropriately. The Group examined examples of assurances together with evidence of documents within the Council to support the assurances. The outcome of the Workshop was an identification of the significant internal control issues that should be included within the Statement. There have been additional internal control issues that were identified during the Joint Risk Assessment that are included within this Statement.

For 2006/07, a desktop review of documents to support assurances has been carried out, along with an exercise to update the Action Plan identified as part of the 2005/06 exercise.

The Corporate Management Board has reviewed this exercise and agreed the Statement of Internal Control that was to be presented to Audit Committee for review on 31st May 2007. The recommendation of the committee was to approve the Statement of Internal Control for inclusion within the Statement of Accounts 2006/07.

5. Significant Internal Control Issues

In producing this Statement, the following internal control issues have been confirmed as being the main issues still facing the Authority:-

- *Children's Services*
- *Flagship Projects*
 - Human Resources
 - Performance Management
 - Procurement
- *Waste management*
- *School reorganisation & funding*
- *Assessment and care management services and arrangements for the protection of vulnerable people*
- *Failure to achieve efficiencies to realise cashable gains*
- *Asset Management Planning*
- *Leadership and business continuity*
- *Existing patterns of service provision for school meals, school transport and leisure services (NEW)*
- *Potential financial liabilities including waste disposal penalties, equal pay claims, pension fund deficits and an overcommitted Capital Programme. (NEW)*

The Action Plan prepared in 2005/06 which shows how these risks are to be addressed has been updated to show the latest position. Additional actions to address new issues have also been included. This will continue to be monitored throughout 2007/08 as a vital part of the on-going review of the effectiveness of internal controls within the Authority.

Signed:

Executive Director – Resources.....G. Moss.....Date 5th June 2007

Chief Executive Officer.....J. Farrar.....Date...5th June 2007

Leader of the Council.....C Green.....Date...5th June 2007

Statement Of Accounting Policies

1. General principles

The Statement of Accounts summarises the council's transactions for the 2006/07 financial year and its position at the year end of 31 March 2007. It has been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice 2006* (the SORP). The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

2. Accruals of income and expenditure

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

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where supplies have been received but not yet consumed, they are carried as stocks on the balance sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.
- Interest payable on borrowings and receivable investments is accounted for in the year to which it relates, on a basis that reflects the overall effect of the loan or investment.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Income and expenditure are credited and debited to the relevant revenue account, unless they properly represent capital receipts or capital expenditure.

3. Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the appropriate revenue account when the authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the balance sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not be required, the provision is reversed and credited back to the relevant revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party, this is only recognised as income in the relevant revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

For 2006/07 the Interest Actualisation Reserve established in 2005/06 has been treated as a provision rather than an earmarked reserve.

4. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts in the Statement of Movement on the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Net Cost of Services in the Income and Expenditure Account. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

Reserves shown on the balance sheet that are used to manage the accounting process for tangible fixed assets and retirement benefits are explained in the relevant policies below.

5. Government grants and contributions (revenue)

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant / contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (eg Revenue Support Grant) are credited to the foot of the Income & Expenditure Account after Net Operating Expenditure.

6. Retirement benefits

Employees of the council are members of two separate pension schemes. Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the council.

- The *Teachers' Pension Scheme*, administered by Capital Teachers Pensions on behalf of the Department for Education & Skills (DfES). The arrangements for this scheme mean that liabilities for benefits cannot be identified to the council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payment of benefits is recognised in the balance sheet and the Education service revenue account is charged with the employer's contributions payable to Teachers' Pensions in the year.

- The *Local Government Pension Scheme*. Other Employees are members of the Rhondda Cynon Taf County Borough Council Pension Fund. In line with FRS 17 Retirement Benefits, costs charged to the Net Cost of Services in the Income and expenditure Account are the estimated current cost as provided by the pensions Actuary, Hewitt Bacon & Woodrow. 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. The estimated liability attributable to Bridgend CBC has been included in the Balance Sheet.
- The council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

7. VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

8. Overheads and support services

The costs of overheads and support services are charged to services that benefit from the supply or service in accordance with the costing principles of the CIPFA *Best Value Accounting Code of Practice 2006 (BVACOP)*. For 2006/07, most support service costs have been apportioned by a variety of methods. The most important being:

- 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 numbers, number of deliveries etc)

Support services defined as Corporate and Democratic Core and Non-Distributed Costs are not chargeable to direct services in accordance with the BVACOP. Corporate and Democratic core are costs relating to the Council's status as a multi-functional, democratic organisation. Non distributed costs are the costs of discretionary benefits awarded to employees retiring early.

9. Tangible fixed assets

Tangible fixed assets are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis. All expenditure on the acquisition, creation or enhancement of fixed assets has been capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year. Where capital expenditure is less than £20k on a particular scheme, this is classified as deminimis and the expenditure is written off to the revenue accounts.

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 bases:

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.

Assets included in the balance sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by crediting the Fixed Asset Restatement Account to recognise unrealised gains.

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.

Disposals. When an asset is disposed of or decommissioned, the value of the asset in the balance sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal).

Amounts in excess of £10,000 received from disposals are credited to the Usable Capital Receipts reserve, which can then only be used for new capital investment or set aside to reduce the council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the Statement of Movement on the General Fund Balance.

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

Depreciation - Depreciation is provided for on all assets with a determinable finite life, by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use. When the value of an asset falls below £20k due to depreciation, the remaining asset value is written off to the revenue account in the following financial year.

The depreciation policy adopted for 2006/07 was:

<i>Operational Assets</i>	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
<i>Non-Operational Assets:</i>	Depreciated on a straight-line basis over 125 years
<i>Infrastructure Assets</i>	Depreciation on a straight-line basis over 30 years
<i>Community Assets</i>	Depreciation not applicable as they don't have a finite useful life
<i>Vehicles, Plant & Equipment</i>	Depreciated on a straight-line basis according to estimated asset lives (ranging from 3 to 10 years)

Where an asset has major components with different estimated useful lives, these are depreciated separately.

Grants and contributions - Where grants and contributions are received that are identifiable to fixed assets with a finite useful life, the amounts are credited to a Government grants Deferred Account. The balance is then written down to revenue to offset depreciation charges made for the related assets in the relevant service revenue account, in line with the depreciation policy applied to them.

10. Charges to revenue for fixed assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service

The council is not required to raise council tax to cover depreciation or impairment losses. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement). Depreciation and impairment are therefore replaced by this *Minimum Revenue Provision* (MRP) in the Statement of Movement on the General Fund Balance, by way of an adjusting transaction with the Capital Financing Account for the difference between the two.

11. 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 incurred during the year are written off as expenditure to the relevant service revenue account. Where the Council has determined to meet the cost of the deferred charges from existing capital resources or by borrowing, a transfer to the Capital Financing Account then reverses out the amounts charged in the Statement of Movement on the General Fund Balance so there is no impact on the level of council tax.

12. Leases

The Authority uses leasing as a means of acquiring vehicles, computer hardware, equipment and plant. A finance lease is a lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee and the present value of the minimum lease payments is 90% or more of the fair value of the leased asset. Leases that do not meet the definition of finance leases are accounted for as operating leases. For operating leases rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

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.

13. Repurchase of borrowing

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to Net Operating Expenditure in the Income and Expenditure Account in the year of repurchase / settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio with substantially the same effect when viewed as a whole, gains and losses are recognised on the balance sheet and written down to revenue on a straight line basis over the term of the replacement loans.

14. Investments

These are included in the Balance Sheet at cost. If the value of an investment falls below its cost, the investment is written down to market value and a provision for the unrealised loss made in the Income and Expenditure Account if this is unlikely to be a temporary fall.

15. Stocks and work in progress

Stocks and stores are included in the balance sheet 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. Work in progress is subject to an interim valuation at the year-end and recorded in the balance sheet at cost plus any profit reasonably attributable to the works.

16. Private Finance Initiatives (PFI)

A PFI contract for a new comprehensive school in Maesteg was signed in October 2006 with a predicted service commencement date of July 2008. This is not reflected within the 2006/07 accounts. For future financial years, accounting treatment will be based on the following premis:

'the operator bears the greater potential variations in property profits or losses and therefore the asset should not be recorded on the Authority's balance sheet.

Service charges should be accounted for as revenue expenditure as they are incurred.'

At the end of the 25 year contract, the school will pass to the Council for nil consideration. Under FRS 5 either a positive or negative accumulated balance is required at the end of the contract to match any difference between the specified payment (in this case zero) and the fair value of the asset. If it is considered that a balance will be required, this should be built up over the life of the contract in order to *'ensure a proper allocation of payments made between the cost of services under the contract and the acquisition of the residual'*. An assessment will be made during 2007/08 of whether or not a balance will be required and the likely value of this balance.



Core Financial Statements 2006/07

Statement of Accounts

2006/07

Income and Expenditure Account for the Year Ended 31st March 2007

Restated 2005/06 (Note 1a) £'000		Gross Expd £'000	Gross Income £'000	Net Expd £'000	Notes
	SERVICES				
86,058	Education	115,915	(26,890)	89,025	
43,590	Social Services	-	-	-	
-	Children's Social Services	16,754	(2,164)	14,590	
-	Adult's Social Services	47,423	(15,137)	32,286	
11,242	Highways and Transportation	17,279	(4,495)	12,784	
3,093	Housing Services	33,957	(31,283)	2,674	
6,043	Central Services to the Public	33,042	(23,265)	9,777	
24,817	Cultural, Environmental and Planning Services	38,378	(10,846)	27,532	
4,403	Corporate and Democratic Core	3,525	(118)	3,407	
(6,490)	Non-Distributed Costs	770	-	770	
172,756	NET COST OF SERVICES	307,043	(114,198)	192,845	
6,650	Precepts Paid	7,072	-	7,072	2
6,483	Levies and Contributions Paid	6,789	-	6,789	2
5,543	Interest payable and similar charges	5,450	-	5,450	
(600)	Interest and Investment Income	-	(663)	(663)	
83	Trading Activities Net surplus / (deficit)	25,323	(25,179)	144	3
6,590	Pension Interest Cost & Expected Return on Assets	5,040	-	5,040	4 & 44
697	Loss on Sale of Fixed Assets	-	-	-	
198,202	NET OPERATING EXPENDITURE	356,717	(140,040)	216,677	
(114,713)	Revenue Support Grant	-	(123,159)	(123,159)	5
(2,493)	Other Government Grants	-	(3,072)	(3,072)	6
(47,500)	Council Tax	-	(50,124)	(50,124)	7
(26,564)	Net Proceeds of Non-Domestic Rates	-	(28,819)	(28,819)	8
6,932	(SURPLUS)/DEFICIT FOR THE YEAR	356,717	(345,214)	11,503	

Statement of Movement on the Council Fund Balance Year Ended 31st March 2007

Restated 2005/06 (Note 1b) £'000		2006/07 £'000	Notes
6,932	(Surplus)/Deficit for the year on the Income & Expenditure Account	11,503	
(7,024)	Net Additional amount required by statute and non-statutory proper practices to be debited or credited to the Council Fund Balance for the Year	(10,958)	25
(92)	(Increase)/(Decrease in Council Fund Balance for the year)	545	
(10,819)	Council Fund Balance brought forward	(10,911)	
(10,911)	COUNCIL FUND BALANCE CARRIED FORWARD	(10,366)	
3,199	Amount of Council Fund Balance held by schools under local management schemes	2,640	
7,712	Amount of Council Fund Balance generally available for new expenditure	7,726	
10,911		10,366	

Statement of Accounts**2006/07****Statement of Total Recognised Gains and Losses**

2005/06 £'000		2006/07 £'000	Notes
6,932	Deficit/(Surplus) for the year on the Income and Expenditure Account	11,503	
(186)	Deficit /(Surplus) arising on revaluation of fixed assets	(3,806)	35
(17)	Movement on Other Funds	14	
4,350	Actuarial (gains) / losses on pension fund assets and liabilities	4,350	44
11,079	Total recognised (gains) / losses for the year	12,061	

Statement of Accounts

2006/07

Balance Sheet As At 31st March 2007

Restated 2005/06 £'000		2006/07		Notes
		£'000	£'000	
	Tangible fixed assets			
	Operational assets			
298,545	Other land and buildings	293,833		
5,306	Vehicles, plant and equipment	4,949		
100,417	Infrastructure assets	100,818		
1,921	Community assets	1,921		
	Non-operational assets			
14,194	Investment properties	14,089		
1,730	Assets under construction	8,730		
3,207	Surplus assets held for disposal	2,988		
425,320	Total fixed assets		427,328	27
479	Long-term debtors	361		29
6,532	Deferred premiums on the early repayment of debt	6,039		28
7,011	Total long term assets		6,400	
	Current assets			
312	Stocks and work in progress	290		
23,809	Debtors	23,691		30
100	Short term investments	10,900		
404	Cash at bank	586		
456,956	Total assets		469,195	
	Current liabilities			
(4,544)	Short Term Borrowing	(3,359)		
(29,298)	Creditors	(33,370)		31
-	Bank overdraft	-		
423,114	Total assets less current liabilities		432,466	
	Long term liabilities			
(87,663)	Long Term Borrowing		(91,792)	33
(57,174)	Government Grants Deferred		(65,404)	34
(4,045)	Capital Contributions Deferred		(3,820)	34
(3,955)	Provisions		(5,285)	32
(180,970)	Pensions Liabilities		(188,920)	44
89,307	Total assets less liabilities		77,245	
	Financed by:			
223,428	Fixed Asset Restatement Account		221,016	35
18,332	Capital Financing Account		12,238	36
10,220	Usable Capital Receipts Reserve		16,000	37
7,712	General Fund Balance		7,726	
3,199	Delegated Schools Balance		2,640	38
7,375	Earmarked Balances		6,548	38
(180,970)	Pensions Reserve		(188,920)	44
11	Other Funds		(3)	39
89,307	Total net worth		77,245	

Statement of Accounts

2006/07

Cash Flow Statement For The Year Ended 31st March 2007

Restated 2005/06 £'000		£'000	£'000	Notes
	Revenue activities			
	Cash outflows			
147,107	Cash paid to and on behalf of employees	156,956		
110,747	Other operating costs	101,845		
32,238	Housing Benefit paid out	34,594		
27,648	NNDR payments to the pool	31,935		
6,651	Precepts Paid	7,072		
	Cash inflows			
(1,763)	Rents (after rebates)	(1,953)		
(45,646)	Council Tax income	(49,982)		
(28,589)	NNDR rate collection	(32,660)		
(26,743)	NNDR net adjustment	(27,862)		
(114,713)	Revenue Support Grant	(123,159)		
(24,619)	DWP grants for benefits	(27,846)		
(42,418)	Other government grants	(44,052)		46
(24,316)	Cash received for goods and services	(24,257)		
(23,759)	Other operating cash receipts	(6,312)		
(8,175)			(5,681)	45
	Return on investments and servicing of finance			
	Cash outflows			
5,001	Interest paid	2,881		
	Cash inflows			
(611)	Interest received	(644)		
4,390			2,237	
	Capital activities			
	Cash outflows			
15,564	Purchase of fixed assets	16,283		
0	Purchase of short term investments	10,800		
	Cash inflows			
(679)	Sale of fixed assets	(6,349)		
(10,556)	Capital grants received	(8,684)		
(3,251)	Other capital cash payments received	(4,973)		
1,078			7,077	
(2,707)	Net cash (inflow)/outflow before financing		3,633	49
	Financing			
	Cash outflows			
7,317	Repayments of amounts borrowed	3,265		
	Cash inflows			
0	New long term loans raised	(5,000)		
(5,000)	New short term loans raised	(2,080)		
2,317			(3,815)	
(390)	Net (increase)/decrease in cash		(182)	47

Certification of Accounts

Certification by Executive Director – Resources

I certify that the accounts set out on Pages 27 to 30 present fairly the financial position of the Council as at 31st March 2007.

G Moss

Gareth Moss BA(Hons) CPFA
Executive Director – Resources
7th June 2007

Auditor's Opinion

SUBJECT TO AUDIT



Notes to the Core Financial Statements 2006/07

Notes to Income and Expenditure Account

1. Restatement of 2005/06 balances

In order to meet the requirements of the 2006 Statement of Recommended Practice (The SORP), it was necessary to re-state the balances reported for the 2005/06 Accounts. The following tables demonstrate the adjustments that had to be made.

a) Income & expenditure account restatement

2005/06 Original £,000		Adjustments Required £,000	Revised 2005-06 Figures £,000
	SERVICES		
93,148	Education	-7,090	86,058
44,234	Social Services	-644	43,590
17,506	Highways and Transportation	-6,264	11,242
3,096	Housing Services	-3	3,093
7,055	Central Services to the Public	-1012	6,043
28,800	Cultural, Environmental and Planning Services	-3,983	24,817
4,408	Corporate and Democratic Core	-5	4,403
(6,490)	Non-Distributed Costs	-	(6,490)
191,757	NET COST OF SERVICES	-19,001	172,756
6,650	Precepts Paid	-	6,650
6,483	Levies and Contributions Paid	-	6,483
-	Interest Payable & Similar Charges	5,543	5,543
(600)	Interest and Investment Income	-	(600)
83	Trading Activities Net (Surplus)/Deficit	-	83
6,590	Pension Interest Cost & Expected Return on Assets	-	6,590
(12,774)	Net Income on AMRA	12,774	-
-	Loss on Sale of Fixed Assets	697	697
198,189	NET OPERATING EXPENDITURE	13	198,202
-	Transfer of HRA Surplus	-	-
348	Transfer to/(from) Earmarked Reserves	-348	-
144	Transfer to/(from) Delegated Schools Balances	-144	-
(9,263)	Contributions to/(from) Capital Accounts	9,263	-
1,760	Transfer to/(from) Pensions Reserve	-1,760	-
191,178	AMOUNT TO BE MET FROM LOCAL TAX PAYERS AND GOVERNMENT GRANT	7,024	198,202
(114,713)	Revenue Support Grant		(114,713)
(2,493)	Other Government Grants		(2,493)
(47,500)	Council Tax		(47,500)
(26,564)	Net Proceeds of Non-Domestic Rates		(26,564)
(92)	(SURPLUS)/DEFICIT FOR THE YEAR	7,024	6,932

b) Statement of Movement on Council Fund Balance – 2005/06 creation

2005/06 Original £,000		Adjustments Required £,000	Revised 2005-06 Figures £,000
(92)	(SURPLUS)/DEFICIT FOR THE YEAR		6,932
	Amounts Included in I&E Account but required by statute to be excluded from movement in Council Fund Balance		
	Amortisation of intangible fixed assets		0
	Depreciation & impairment	-13,156	(13,156)
	Govt Grants deferred amortisation	1,876	1,876
	Write downs of deferred charges to be financed from capital resources	232	232
	Amounts treated as revenue expenditure in accordance with SORP but classified as capital expenditure by statute	-2,447	(2,447)
	Net loss on sale of fixed assets	-697	(697)
	FRS 17 Adjustment	-11,770	(11,770)
0		-25,962	(25,962)
	Amounts Not Included in I&E Account but required to be included by statute when determining the Movement on the Council Fund Balance for the year		
	MRP	4,353	4,353
	Capital Expenditure charged in year to Council Fund	299	299
	Employers Contributions to Pensions Fund & Direct Retirement Benefits	13,630	13,630
0		18,282	18,282
	Transfers to or from Council Fund Balance that are required to be taken into account when determining the Movement on the Council Fund Balance for the year		
	Voluntary revenue provision for capital financing	224	224
	Pensions Costs Adj Net	-100	(100)
	Net transfer to or from earmarked reserves	532	532
0		656	656
(92)	Increase in Council Fund Balance for the year		(92)
(10,819)	Council Fund Balance brought forward		(10,819)
(10,911)	Council Fund Balance carried forward		(10,911)
3,199	Amount of Council Fund Balance held by schools under local management schemes		3,199
7,712	Amount of Council Fund Balance generally available for new expenditure		7,712

Statement of Accounts

2006/07

c) Balance Sheet restatement

2005/06 Original £,000		Adjustments Required £,000	Revised 2005-06 Figures £,000
	Tangible fixed assets		
	Operational assets		
298,545	Other land and buildings		298,545
5,306	Vehicles, plant and equipment		5,306
100,417	Infrastructure assets		100,417
1,921	Community assets		1,921
	Non-operational assets		0
14,194	Investment properties		14,194
1,730	Assets under construction		1,730
3,207	Surplus assets held for disposal		3,207
425,320	Total fixed assets		425,320
479	Long-term debtors		479
6,532	Deferred premiums on the early repayment of debt		6,532
432,331	Total long term assets		432,331
	Current assets		0
312	Stocks and work in progress		312
2,3809	Debtors		23,809
100	Short term investments		100
404	Cash at bank		404
456,956	Total assets		456,956
	Current liabilities		0
(4,544)	Short Term Borrowing		(4,544)
(29,298)	Creditors		(29,298)
0	Bank overdraft		0
423,114	Total assets less current liabilities		423,114
	Long term liabilities		0
(87,663)	Long Term Borrowing		(87,663)
(57,174)	Government Grants Deferred		(57,174)
(4,045)	Capital Contributions Deferred		(4,045)
(3,256)	Provisions	-699	(3,955)
(180,970)	Pensions Liabilities		(180,970)
90,006	Total assets less liabilities		89,307
	Financed by:		0
223,428	Fixed Asset Restatement Account		223,428
18,332	Capital Financing Account		18,332
10,260	Usable Capital Receipts Reserve	-40	10,220
7,712	General Fund Balance		7,712
3,199	Delegated Schools Balance		3,199
8,034	Earmarked Balances	-659	7,375
(180,970)	Pensions Reserve		(180,970)
11	Other Funds		11
90,006	Total net worth		89,307

2. Precepts and levies

Precepts are the amounts paid to non billing authorities (eg community councils) so that they can cover their expenses. Levies are the amounts payable when services are operated over areas covering more than one Authority, either on a joint service basis, where one Authority administers the service where other Authorities contribute to the costs, or by external bodies who levy on the appropriate Authorities. The amounts paid were as follows:

2005/06 £'000		2006/07 £'000
	Precepts	
5,553	South Wales Police Authority	5,898
1,097	Community Councils	1,174
6,650	Sub total	7,072
	Levies	
6,181	South Wales Combined Fire Authority	6,428
140	Coroners Service	173
0	Environment Agency	-
39	South Wales Sea Fisheries	43
101	Archive Service	106
4	Margam Crematorium Joint Committee	2
18	Swansea Bay Port Health Authority	18
0	Magistrates Court	19
6,483	Sub total	6,789
13,133	Total	13,861

3. 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:

Statement of Accounts

2006/07

2005/06 (Surplus)/ Deficit £'000	Activity	2006/07 Income £'000	2006/07 Expenditure £'000	2006/07 (Surplus)/ £'000	Target £'000	Variance £'000
(12)	Outdoor Leisure	(273)	275	2	0	2
(3)	Grounds Maintenance	(2,021)	1,960	(61)	0	(61)
156	Schools Catering	(3,824)	3,966	142	0	142
12	Building Cleaning	(889)	874	(15)	0	(15)
(58)	Highway Maintenance	(4,195)	4,124	(71)	(70)	(1)
(19)	Other Cleaning	(2,068)	2,052	(16)	(10)	(6)
(3)	Building Maintenance	(3,174)	3,152	(22)	(25)	3
(45)	Fleet Services	(3,060)	3,059	(1)	(60)	59
(88)	Other Catering	(678)	576	(102)	(93)	(9)
143	Sports and Recreation (Indoor)	(4,997)	5,285	288	0	288
83	Transfer to I & E Account	(25,179)	25,323	144	(258)	402

The deficit on the catering service of £142k can be attributed to an increase in food costs coupled with a reduction in income from pupil meals. This has been addressed in 2007/08 with an increase in the base budget for the service.

Although Fleet Services achieved a small surplus in the year, it was less than that attained in 2005/06, and fell short of the target for the year. The main reasons for the shortfall were the increased cost of maintaining vehicles and the loss of income from external bodies. These two issues are to be addressed in 2007/08, with management pursuing means of increasing income and reducing costs.

The Sports and Leisure Management Contract made a loss of £288k in 2006/07, mainly as a result of previous year's budget cuts, increases in staffing costs following the implementation of the Single Status and Minimum Wage Agreements coupled with a drop in income due to a reduction in the number of bridge card holders. This has been addressed in 2007/08 with an increase in the base budget for the service, along with a consultant's review of service provision.

4. Pension costs

The disclosures required for 2006/07 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 62.

a) Teachers

In 2006/07, the Authority paid £6.1 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 2006/07, these amounted to £0.47 million representing 1.1% of pensionable pay.

b) Other employees

In 2006/07 the Council paid an employer's contribution of approximately £14.2million, representing 22.32% of employees' pensionable pay, into Rhondda Cynon Taf CBC Pension Fund. The Fund provides members with defined benefits related to pay and service. The pension costs that are charged to the Council's accounts are defined by FRS17 'Retirement Benefits'.

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 2006/07 these amounted to approximately £0.45 million representing 0.71% 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. In 2006/07 the amount of lump sum payments made amounted to £43,445. The ongoing annual cost of decisions made in previous years in 2006/07 was £868,908.

5. 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. The amount received in 2006/07 was £123.1m.

6. Government grants

In addition to the Revenue Support Grant, the Authority received specific government grants which amounted to £66.3m. Grant income sits within the gross income column within services except for the Deprivation Grant, Performance Incentive Grant and the Local Authority Business Growth Incentive Grant. The main specific grants within services are shown below:-

Statement of Accounts**2006/07**

2005/06 £'000	Specific Grants	2006/07 £'000
24,619	Mandatory Rent Allowances	26,272
8,110	Council Tax Benefit	8,422
7,423	ELWa Grant	7,509
5,025	Other Education	6,379
3,344	Other Social Services	2,468
5,175	Others	4,667
3,689	Supporting People	3,669
1,695	Resettlement Grant	1,711
1,670	Concessionary Fares Grant	2,075
1,213	INSET Grant for Education Support	38
769	Sustainable Waste Grant	1,469
1,114	Housing/Council Tax Benefit Administration	1,239
796	Capacity Grant	-
709	Mental Handicap Strategy	-
246	Carers Special	243
137	Lottery Grants	179
65,734	Total	66,340

2005/06 £'000	Other Government Grants	2006/07 £'000
742	Deprivation Grant	742
1,328	Performance Incentive Grant	1,363
284	Local Authority Business Growth Incentive	967
139	Transition Relief Grant	-
2,493	Total	3,072

7. Council tax

Council Tax Income derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands estimating 1st April 2005 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 - £46,657.48 dwellings for 2006/07 (£46,1230.03 in 2005/06). The basic amount for a Band D property (£1034.73 in 2006/07 (£994.90 in 2005/06) 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 I and the number of properties in each band were as follows:

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Band	A	B	C	D	E	F	G	H	I
Multiplier	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9
Chargeable Dwellings	9363	14737	13178	8836	6433	3522	1261	267	93

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

2005/06 £'000		2006/07 £'000
47,500	Council Tax Collectable	50,103
	Less:	
(1,097)	Payable to Community Councils	(1,174)
(5,553)	Payable to South Wales Police	(5,898)
(28)	Provision for non payment of Council Tax	(89)
40,822	Net Proceeds from Council Tax	42,942

8. National Non-Domestic Rates (NNDR)

NNDR is organised on a national basis. The government specifies an amount for the rate 43.2p in 2006/07 (42.1p in 2005/06) 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 2006/07 was £32,659k (£32,292k in 2005/06) and the rateable value used for 2006/07 was £85,219,668 (£82,868,264 in 2005/06). Analysis of the proceeds from non-domestic rates is as follows:

2005/06 £'000		2006/07 £'000
32,292	Non-domestic rates collectable	32,659
	Less:	
(31,657)	Paid into NNDR pool	(31,934)
(218)	Cost of Collection	(219)
(417)	Bad and Doubtful Debts	(506)
0		0
36	Council Fund contribution to Rate Relief	40
(26,600)	Receipts from pool	(28,859)
(26,564)	Net Proceeds from NNDR	(28,819)

9. Leasing costs

The payments in 2006/07 and future obligations are shown in the table below.

2005/06 £'000		2006/07 £'000
5	Finance Leases - Rentals paid during the year	4
1,150	Operating Leases - Rentals paid during the year	1,245
0	Future Obligations under Finance Leases	0
3,716	Future Obligations under Operating Leases	3,706
	Analysis of Future Obligations under Operating Leases	
842	To be paid within one year	947
1,260	To be paid between two and five years	1,238
1,614	To be paid more than five years	1,521
3,716		3,706

10. 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 £653,860 (£5 per head of relevant population 130,772) of the Authority's area under this Section in 2006/07. Its actual expenditure was £509,108, which included £618 in administration costs.

11. 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:

Expenditure 2005/06 £'000	Publicity Category	Expenditure 2006/07 £'000
179	Communications to the public	296
444	Recruitment of Staff	256
38	Statutory Notices	6
661	Totals	558

12. Road user charging

The Council does not operate a scheme of road user charging or workplace parking levy under the Transport Act 2000.

13. Section 31 Health Act 1999

Under Section 31 Health Act 1999 the following joint arrangements refer to joint working with Bridgend Local Health Board.

Purpose of Partnership	NHS Trust Expenditure £'000	BCBC Expenditure £'000	Total Expenditure £,000	Total WAG Grant £,000
Children with Disabilities inter agency Service	127	301	428	137
Transition to Adults Services	38	16	54	54
Community Reablement Project	189	224	413	44
Dementia Register / Referral & Assessment Pathway	54	-	54	54
Preventing Admission & Facilitating Discharge	18	27	45	45
Intermediate Care Development Manager	-	47	47	46
Health, Social Care & Well Being Strategy	-	100	100	100
Total	426	715	1,141	480

Total WAG Grant – This is in respect of the Joint Working Grant.

14. 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.

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Total 2005/06 £'000		Chargeable 2006/07 £'000	Non Chargeable 2006/07 £'000	Total 2006/07 £'000
	Expenditure:			
355	Employees	210	166	376
32	Transport	21	10	31
23	Supplies & Services	14	9	23
172	Central & support service charges	109	73	182
582	Total Expenditure	354	258	612
	Income:			
330	Building Regulations charges	357		357
3	Miscellaneous		2	2
333	Total Income	357	2	359
249	(Surplus)/Deficit	(3)	256	253

15. Agency expenditure

The Authority no longer undertakes works on repairs to the sewer systems and maintenance of pumping stations on behalf of Welsh Water (Glas Cymru).

16. Long term contracts

The following table illustrates future obligations in respect of long term contracts:-

Details of Contract	2007/08 £'000	2008/09 £'000	2009/10 £'000
CCTV - Maintenance of cameras	70	72	74
Waste Management	10,185	10,907	11,710
Public Transport	721	783	823
Contracts /Service Agreements for care and support services	26,773	26,773	26,773
Maesteg School PFI (Note 17)	1,600	2,400	2,400
Totals	39,349	40,935	41,780

17. Private Finance Initiative (PFI)

In 2000 the Welsh Assembly Government approved an outline business case for the 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.

A £10m Washery site reclamation scheme, funded mainly by the Welsh Development Agency, provided a stable site for the new school. The contract commenced in February 2003 and physical works were completed in 2004. The landscaping and planting work was substantially complete by 31st March 2005.

On 4th October 2006, the Welsh Assembly Government (WAG) approved the Full Business Case for the Maesteg School PFI Project. Following this, on 6 October 2006 a 25 year *Design, Build, Finance and Operate* (DFBO) contract was signed with a total Net Present Value (NPV) of £30.5m which will incur an annual cost of £2.4m of which around £1.9m will be met from Welsh Assembly Government PFI credits. Provision for the additional annual cost to the council of £550,000 has been identified for 2008/09 in the medium term financial plan. These payments will be incurred monthly from the planned service commencement date of 28th July 2008.

The new school will not be treated as an asset of the council and hence will not need to be included on the balance sheet. All payments made under the contract will be charged to revenue to reflect the value of services received in each financial year.

WAG PFI credits have been set at an annual level which reflects the total 25 year cost of the contract. Due to indexation, actual payments made by the council will be lower in the early years of the contract, rising by an agreed indexation factor as the contract progresses. It will therefore be necessary to establish an equalisation fund in the balance sheet which will receive annual contributions in the early years to help meet future years' payments.

18. Local Government (Goods and Services) Act 1970

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

2005/06 £'000	Category of Supply	Client	2006/07 £'000
93	Supply of Goods or Materials	Bro Morgannwg NHS Trust	101
1		Newport Council	0
753		Bridgend Local Health Board	641
3		Cardiff County Council	1
		Cardiff County Council	4
210		Caerphilly County Borough Council	216
14		City of Sunderland Council	0
190		Merthyr County Borough Council	198
6		Neath Port Talbot Council	3
357		Rhondda Cynon Taff Council	331
5		Royal Kingston Council	32
		Southend on Sea District Council	1
24		Thurrock Council	32
		Glamorgan Heritage Coast	2
		Bridgend County Care & Repair	1
370	Vale of Glamorgan Council	432	
2,026			1,995
249	Provision of Administrative Professional or Technical Services	Bridgend College	285
2		Careers Service	3
4		ESIS	4
2		Blaenau Gwent CBC	2
3		Commissioning Support Unit	0
2		Education Business Partnership	2
5		Hafod Housing Association Ltd	27
2		Pec Project	1
269			324
2	Use of Vehicles, Plant or Apparatus	Hampshire Council	0
8		Welsh Assembly Government	7
		Trunk Road Agency	10
5		South Wales Fire Service	0
15			17
2,310	Total		2,336

19. 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 2006/07 has been calculated as shown in the table below. It is based on the opening Capital Financing Requirement (CFR) of the Authority.

	Council Fund £'000	Commutation Adjustment £'000	Total £'000
CFR 01/04/06	122,820		122,820
Adj CFR	122,820		122,820
MRP - 4%	4,913		4,913
Factor A Adj	(3)		(3)
Commutation Adj		(324)	(324)
Sub-total MRP	4,910	(324)	4,586
Additional Voluntary MRP	282		282
Total MRP	5,192	(324)	4,868

20. Officers' emoluments

The number of employees whose remuneration, excluding pension contributions, was £60,000 or more for the year is as follows:

2005/06		Number of Employees		
		Left in Year	Movement in Bandings	2006/07
Number of Employees	Remuneration Band			
7	£60,000 - £69,999		2	9
13	£70,000 - £79,999		-3	10
1	£80,000 - £89,999		2	3
3	£90,000 - £99,999	-1		2
0	£100,000 - £109,999			0
1	£110,000 - £119,999	-1		0
1	£120,000 - £129,999	-1		0
26		-3	1	24

21. Members' allowances

The expenditure on Members' allowances for 2006/07 was £990,486 (£952,168 in 2005/06). This is made up of basic allowances (£722,177) and special responsibility allowances (£268,309). 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.

22. External audit costs

In 2006/07 Bridgend County Borough Council incurred the following fees relating to external audit and inspection:

2005/06 £'000		2006/07 £'000
260	External audit services	370
84	Statutory Inspection	80
113	Grant Claims and Returns	96
17	Other Services	39
474	Total	585

23. 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 £525k as at 31st March 2006. 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.

24. 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	Notes 5&6 to accounts
Capital Grants	Note 27h to accounts
Precepts and Levies	Note 2 to accounts
Rhondda Cynon Taff County Borough Council Pension Fund	Note 4 to accounts
Department of Education and Employment (Teachers Superannuation Fund)	Note 4 to accounts

Personal Services have various related party transactions as detailed below:-

Organisation	Nature of Payment	£'000
Welsh Assembly Government	Specific Grants	8,131
Independent Care Providers	Provision of Care Services	14,282
Voluntary Organisations	Provision of Funding to support services	1,257
Total		23,670

Chief Officers and Members

Authority Members had various roles in a number of organisations during 2006/07 including:-

- Town and Community Councils
- Local Health Board
- Community Associations
- Coity Walia Board of Conservators
- Glamorgan Holiday Home
- South Wales Police Authority
- Maesteg Town Hall
- Wyndham Boys and Girls Club
- Board of Governors of Schools

25. Statement of movement on council fund balance

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

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The Council Fund Balance shows whether the Council has over or under spent against the council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the difference between the outturn on the Income and Expenditure account and the Council Fund Balance. The following is a breakdown of those adjustments required for this reconciliation:

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Restated 2005/06 £'000		2006/07 £'000
	Amounts Included in I&E Account but required by statute to be excluded from movement in Council Fund Balance	
-	Amortisation of intangible fixed assets	-
(13,156)	Depreciation & impairment	(11,717)
1,876	Govt Grants deferred amortisation	2,144
232	Write downs of deferred charges to be financed from capital resources	225
(2,447)	Amounts treated as revenue expenditure in accordance with SORP but classified as capital expenditure by statute	(2,074)
(697)	Net loss on sale of fixed assets	-
(11,770)	FRS 17 Adjustment	(13,630)
(25,962)		(25,052)
	Amounts Not Included in I&E Account but required to be included by statute when determining the Movement on the Council Fund Balance for the year	
4,353	MRP	4,586
299	Capital Expenditure charged in year to Council Fund	-
13,630	Employers Contributions to Pensions Fund & Direct Retirement Benefits	15,840
18,282		20,426
	Transfers to or from Council Fund Balance that are required to be taken into account when determining the Movement on the Council Fund Balance for the year	
224	Voluntary revenue provision for capital financing	305
(100)	Pensions Costs Adj Net	(5,810)
532	Net transfer to or from earmarked reserves	(827)
656		(6,332)
(7,024)	Net Additional amount required by statute and non-statutory proper practices to be debited or credited to the Council Fund Balance for the Year	(10,958)

26. Transfers to/(from) earmarked reserves

This represents the net movement on the earmarked reserves of the Authority within 2006/07 and represents a charge to the Net Cost of Services within the Income and Expenditure Account. This includes money transferred into the Revenue Account to match expenditure within the year. Also amounts have been set aside from revenue reserves in 2006/07 to be utilised in future years to finance expenditure.

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Restated Movement 2005/06 £'000	Reserve	Opening Bal 2006/07 £'000	Movement 2006/07 £'000	Closing Bal 2006/07 £'000
8	Chief Executive Directorate	139	(139)	-
211	Corporate Services	859	(859)	-
(473)	Education, Leisure & Community Services	(237)	237	-
(341)	Environment & Planning	(81)	81	-
(892)	Personal Services	(716)	716	-
(355)	Business systems development reserve	129	(129)	-
(32)	Business restructuring reserve	338	(338)	-
49	Carpark strategy	167	(167)	-
246	Children's Services	716	(716)	-
150	Customer services strategy	150	-	150
-	Election costs	25	-	25
1	Energy conservation fund	228	(228)	-
20	Health & safety	70	(70)	-
340	HR / Payroll re-engineering reserve	340	(340)	-
1,209	Insurance reserve	1,209	-	1,209
605	Job evaluation / equal pay reserve	750	(750)	-
11	Legionella assessment	51	-	51
-	Maesteg school PFI	600	-	600
(730)	Mid Glam CC post balance sheet events	1,225	(344)	881
(20)	New Members induction	22	-	22
(47)	Porthcawl regeneration	16	184	200
50	Financial systems re-engineering	255	(255)	-
(260)	Roads maintenance reserve	-	-	-
(27)	Sports development	-	-	-
19	Unitary Development Plan reserve	30	75	105
750	Waste management reserve	1,050	200	1,250
40	Capital feasibility fund	40	12	52
	Business restructuring	-	450	450
	Financial & HR systems	-	500	500
	Change management	-	350	350
	E-coli court costs	-	300	300
	Invest to save	-	403	403
532	Total	7,375	(827)	6,548

Further information on reserves is provided in Note 38 below.

Notes To Balance Sheet

27. Tangible fixed assets

a) Summary of tangible fixed assets

Tangible Fixed Assets	£,000
Other land & buildings	293,833
Vehicles, plant & equipment	4,950
infrastructure	100,818
Community assets	1,920
Non-operational assets	25,807
Total	427,328

b) Numbers of fixed assets by type

Category	Number as at 31 March 2006	Number as at 31 March 2007
Schools	68	68
Other educational establishments	4	7
Libraries	7	7
Car parks	17	16
Cemeteries and buildings	20	20
Crematoria	1	1
Reclaimed land	18	18
Markets	2	2
Shops	9	9
Public conveniences	19	19
Nature reserves	1	1
Social Services establishments	29	29
Bus stations	2	2
Sports pavilions	43	43
Recreation grounds & parks	16	15
Recreation & entertainment centres	12	12
Community centres	17	17
Swimming pools	5	5
Industrial estates	24	23
Civic offices	2	2
Other offices	5	5
Depots	9	9
Vehicles	95	94
Miscellaneous assets	24	27
Total	449	451

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c) Movement of fixed assets

	Other Land and Buildings £'000	Vehicle, Plant and Equipment £'000	Infra- Structure £'000	Comm- unity Assets £'000	Total £'000
1. Operational Assets					
Certified valuation at 31 st March 2006	311,944	13,580	132,553	1,921	459,998
Accumulated depreciation and impairment	(13,399)	(8,274)	(32,136)		(53,809)
Net book value at 31st March 2006	298,545	5,306	100,417	1,921	406,189
<u>Movement in 2006/07</u>					
Additions	4,509	996	4,769	5	10,279
Non Enhancement written out to Deferred Charges	(1,470)	(98)	(163)	(5)	(1,736)
Net Additions	3,039	898	4,606	0	8,543
Reclassification	(1,952)	0	354		(1,598)
Disposals / Deminimis	0	0	0		0
Revaluations	0	0	0		0
Depreciation	(5,691)	(1,249)	(4,559)		(11,499)
Impairments	(107)	(6)	0		(113)
Net book value at 31st March 2007	293,834	4,949	100,818	1,921	401,522

	Investment Properties £'000	Assets Under Construct. £'000	Surplus Assets £'000	Total £'000
2. Non-Operational Assets				
Certified valuation at 31 st March 2006	14,396	1,806	5,425	21,627
Accumulated depreciation and impairment	(202)	(76)	(2,218)	(2,496)
Net book value at 31st March 2006	14,194	1,730	3,207	19,131
<u>Movement in 2006/07</u>				
Additions	44	7,354	259	7,657
Non Enhancement written out to Deferred Charges	(44)	0	(18)	(62)
Net Additions	0	7,354	241	7,595
Reclassification	0	(354)	1,952	1,598
Disposals / Deminimis	0	0	(6,218)	(6,218)
Revaluations	0	0	3,806	3,806
Depreciation	(105)	0		(105)
Impairments	0	0		0
Net book value at 31st March 2007	14,089	8,730	2,988	25,807

During 2006/07 assets were disposed of which had a book value of £6.218m.

d) Capital commitments

At 31st March 2007 commitments of approximately £10.4 million existed on capital works contracts started before that date, details of which are shown in the table below.

Restated 2005/06 £'000	Description	2006/07 £'000
522	Transport Grant schemes	-
459	Bridgend town centre regeneration	1,290
506	Maesteg town centre regeneration Ph2	-
-	Maesteg town centre regeneration Ph3	978
60	Litchard industrial estate	-
-	Ynysawdre swimming pool	5,521
-	Broadlands primary school extension	390
-	Héronsbridge school hall & therapy rooms	486
-	Ogwr river walkway	1,803
1,547	Total	10,468

e) 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 23.

f) Assets held under finance leases

Any remaining assets held under finance leases have a zero net book value as at 31st March 2007. This was also the case as at the 31st March 2006.

g) Analysis of capital expenditure

2005/06 £'000	Description	2006/07 £'000
13,686	Operational fixed asset net expenditure	8,543
1,878	Non operational fixed asset net additions	7,595
1,053	Operational non enhancement expd written out to deferred charges	1,736
380	Non operational non enhancement expd written out to deferred charges	62
5,680	Deferred charges	5,191
22,677	Total	23,127

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2005/06 £'000	Description	2006/07 £'000
7,584	Loans	7,259
13,337	Government grants	14,672
644	Capital receipts	556
299	Revenue contribution	23
813	Other contribution	617
22,677	Total	23,127

i) 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.

	Bal b/fwd £,000	Expd in Year £,000	Written to Revenue £,000	Bal c/fwd £,000
Operational non enhancement expd written out to deferred charges	0	1,736	(1,736)	0
Non operational non enhancement expd written out to deferred charges	0	62	(62)	0
Improvement grants	0	3,208	(3,208)	0
Other	0	1,983	(1,983)	0
	0	6,989	(6,989)	0

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j) Capital financing requirement and the financing of capital expenditure

Total 2005/06 £,000	Capital Financing Requirement	Assets 2006/07 £,000	Deferred Charges 2006/07	Total 2006/07 £,000
119,885	Opening Capital Financing Requirement			122,820
	Capital Investment			
13,686	Operational Assets	8,543		8,543
1,878	Non-operational Assets	7,595		7,595
7,113	Deferred Charges and Intangible Assets		6,989	6,989
0				
0	Sources of Finance			
(14,150)	Grants & Contributions			(15,289)
(644)	Capital receipts applied			(556)
(299)	Revenue Contributions			(23)
(73)	Prior year adjustments			
(4,353)	Minimum Revenue Provision			(4,586)
(223)	Additional Voluntary Contributions			(282)
122,820	Closing Capital Financing Requirement	16,138	6,989	125,211

28. Loan premiums paid

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

2005/06 £'000		2006/07 £'000
7,025	Balance brought forward	6,532
0	New Premiums	-
(493)	Charged to Revenue Accounts	(493)
6,532	Balance carried forward	6,039

29. 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 Total £'000
Balance brought forward	480
Loans Repaid	(119)
Balance carried forward	361

30. 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:

2005/06 £'000		2006/07 £'000
	Taxpayers:	
4,609	Council Tax	4,627
2,626	Business Rate Payers	2,194
	Others:	
1,618	Customs and Excise VAT	2,017
4,670	Government Grants	1,689
27	Capital Debtors	-
576	National Assembly for Wales NDR Pool	1,045
5,488	Sundry Debtors	3,774
4,301	Reserve Debtors	5,579
3,426	Capital Grants	5,754
-	Housing Benefits Overpayments	-
245	Other	803
27,586		27,482
(3,777)	Less Bad Debt Provision	(3,791)
23,809	Total	23,691

Note 30a) The bad debt provision comprises:

2005/06 £'000		2006/07 £'000
629	Sundry Debtors	472
1,829	Council Tax Payers	1,897
540	Housing Benefits	806
779	Business Rate Payers	616
3,777		3,791

31. Creditors

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

2005/06 £'000		2006/07 £'000
13,233	Other Reserve Creditors	11,645
601	Capital Creditors	437
3,426	Payroll Creditors	3,723
6,446	Revenue Creditors	10,610
688	Government Grants	969
1,925	Local Tax Payers	1,744
2,081	Superannuation Fund	2,411
187	Private Street Works	173
203	Miscellaneous Deposits	234
508	Other	1,210
-	VAT	214
29,298	Total	33,370

32. Provisions

The Insurance Provision has been set aside to meet the estimated cost to the Council of outstanding claims. However the actual cost of individual claims and the timing of payments is uncertain. As well as the above, a provision has been created from a charge to the Income and Expenditure Account called the Interest Actualisation provision. A further provision has been created in 2006/07 to meet the anticipated costs of the on-going job evaluation exercise along with any valid equal pay claims which may be received.

	Balance b/f £'000	Expenditure £'000	Income £'000	Written Off £'000	Balance c/f £'000
Insurance (BCBC)	3,256	(14)	240	-	3,482
Interest actualisation	699	-	4	-	703
Job evaluation /equal pay	-	-	1,100	-	1,100
Total	3,955	(14)	1,485	-	5,285

33. Long term loans

Long-Term borrowing represents amounts owed by the Council that are not due to be repaid within the next year. The Council uses long-term borrowing to finance capital expenditure. The average interest rate for all loans as at 31st March 2007 was 5.14%.

2005/06 £'000		2006/07 £'000
	Analysis of Loans by Type	
64,413	Public Works Loans Board	68,542
23,250	Financial Institutions	23,250
87,663	Total	91,792
	Analysis of Loans by Maturity	
871	Between 1 and 2 years	3,604
4,114	Between 2 and 5 years	3,526
4,063	Between 5 and 10 years	1,047
78,615	More than 10 years	83,615
87,663	Total	91,792

34. 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 income and expenditure 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.

2005/06 £'000		2006/07 £'000
53,593	Balance brought forward	61,219
9,457	Grants Credited in year	10,374
157	Previous Year Adjustment	-
(1,988)	Grants applied in Income and Expenditure account	(2,369)
61,219	Balance as carried forward	69,224

35. Fixed Asset Restatement Account (FARA)

This account represents the difference between the historic cost of fixed assets and their revaluations in the Asset Register to reflect actual valuations on disposal. 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.

2005/06 £'000		2006/07 £'000
224,320	Balance Brought Forward	223,428
186	Revaluation of Assets	3,806
(1,078)	Disposal of Assets	(6,218)
223,428	Total	221,016

36. Capital Financing Account (CFA)

This account contains 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 overleaf.

2005/06 £'000		2006/07	
		£'000	£'000
27,013	Balance brought forward 1 April 2006		18,332
299	Revenue contribution to capital	23	
(423)	Adjustment previous year's financing	556	
644	Capital receipts used to finance capital expenditure	-	
520			579
4,353	Minimum Revenue Provision (Note 19)	4,586	
(11,306)	Depreciation	(11,604)	
(1,850)	Impairment	(113)	
1,988	Government grants and contributions written down	2,369	
(163)	Mortgage repayments (Council Fund)	(119)	
224	Prudential Code principal repayment	282	
(2,447)	Capital expenditure charged to revenue	(2,074)	
(9,201)			(6,673)
18,332	Balance Carried Forward 31 March 2007		12,238

37. Useable capital receipts reserve

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

Restated 2005/06 £'000		2006/07 £'000
9,777	Balance Brought Forward	10,220
543	Capital Receipts Received	6,336
544	Receipts adjustment previous year's financing	(556)
(644)	Receipts Used to Finance Capital Expenditure	-
10,220	Balance Carried forward	16,000

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 and housing disrepair claims.

38. Revenue reserves

The total of revenue reserves in the Balance Sheet as at 31st March 2007 is detailed below with descriptions of what they represent:-

Statement of Accounts

2006/07

Restated 2005/06 £'000		2006/07 £'000
7,712	Council Fund Balance	7,726
3,199	Delegated Schools Balance	2,640
	Earmarked Balances :-	
859	Corporate Services	-
(237)	Education Leisure and Community Services (Note 36a)	-
(81)	Environment and Planning (Note 36a)	-
139	Chief Executive Directorate (Note 36a)	-
(716)	Personal Services Directorate (Note 36a)	-
716	Children's Services reserve (Note 36a)	-
338	Business restructuring reserve (Note 36b)	-
129	Business systems development (Note 36b)	-
228	Energy conservation fund (Note 36b)	-
340	HR / Payroll re-engineering reserve (Note 36b)	-
255	Financial systems re-engineering (Note 36b)	-
150	Customer services strategy (Note 36c)	150
750	Job evaluation (Note 36d)	-
600	Maesteg school PFI (Note 36e)	600
1,225	Reserve for former Mid Glamorgan CC liabilities (Note 36f)	881
365	Other minor reserves	203
1,209	Insurance reserve (Note 36g)	1,209
1,050	Waste management reserve (Note 36h)	1,250
16	Porthcawl regeneration (note 36i)	200
-	Business Restructuring (note 36j)	450
-	Financial & HR systems(note 36k)	500
-	Change management (note 36l)	350
-	E-coli (note 36m)	300
-	Invest to Save (note 36n)	403
40	Capital feasibility fund (note 36 o)	52
7,375	Earmarked Balances	6,548
18,286	Total	16,914

Analysis of Delegated Schools Balance

2005/06 Closing Balance £'000		2006/07 Over spends £'000	2006/07 Under spends £'000	2006/07 Closing Balance £'000
24	Nursery Schools	0	2	26
1,130	Primary Schools	(512)	230	848
1,547	Secondary Schools	(296)	263	1,514
498	Special Schools	(246)		252
3,199	Total	(1,054)	495	2,640

- a) Directorate balances
As part of the 2007/08 budget setting process Cabinet agreed that all brought forward Directorate balances would be written off in order to 'wipe the slate clean'. The budgets for 2007/08 were adjusted to take account of the underlying issues which were making it difficult for Directorates to achieve balanced budgets. For 2007/08 Corporate Management Board will be working together to ensure that Directorates manage within their cash limited budgets for 2007/08 onwards. The net deficit written off at 31.3.07 was £147k.
- b) Other previously held reserves
A review has been undertaken of previously held reserves to ensure that they are appropriate for the changing needs of the Authority. As a result some of the reserves have been consolidated and the balances used to fund the new reserves discussed below.
- c) Customer services strategy – Revenues / Benefits
This reserve had been set up to develop a strategy to make services more accessible to the public.
- d) Job evaluation / equal pay claims
This reserve has been transferred to the revenue accounts and the balance used, along with a further £350,000 set aside in 2006/07, to make a provision for the anticipated costs of the on-going job evaluation exercise along with any valid equal pay claims.
- e) Maesteg school PFI
This reserve has been set aside to help meet the on-going revenue costs of the new school in Maesteg which is due to open in September 2008 and the potential shortfall in Revenue Support Grant when the school opens.
- f) Reserve for former MGCC liabilities
This covers the potential liabilities arising out of the former Mid Glamorgan County Council. Information received from RCT in 2007 has allowed the balance on this reserve to be reduced to £881,000.
- g) Insurance reserve
This reserve is based on the assessment for future liabilities from the actuary.
- h) Waste management reserve
This earmarked reserve has been established to offset increased waste management costs in 2007/08 and future years.
- i) Porthcawl regeneration
This reserve has been established to fund up front revenue costs associated with the proposed regeneration of Porthcawl.
- j) Business restructuring
This reserve has been established to meet potential costs of redundancy and early retirement resulting from the current organisational review.

- k) Financial & HR Systems
This reserve will fund the costs of planned system developments in 2007/08 and 2008/09.
- l) Change management
This reserve will meet the costs associated with the current organisational changes being undertaken by the Authority.
- m) E-coli court costs
This reserve has been established to meet the potential legal costs associated with the e-coli outbreak in the borough.
- n) Invest to save
This fund has been established to meet the costs of approved 'invest to save' initiatives. The fund will be reimbursed by savings made as a result of these initiatives.
- o) Capital feasibility fund
This fund has been established from capital receipts of less than £10,000 and will be used to fund studies into proposed capital investment projects. This has been reclassified from the Useable Capital Receipts reserve in 2005/06.

39. Other funds

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

40. 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 2007 are:

2005/06 £		2006/07 £
107,143	Social Services Home For The Elderly	181,112
55,348	Education	54,378
39,886	Nantymoel Workmans Hall	41,912
46,659	Swimming Development Fund	39,650
1,054	Other	1,103
250,090	Total	318,155

41. Escrow accounts

As part of a planning condition relating to the sale of land to Asda previously used by Bridgend Town Football Club, the Authority is holding £2million in escrow accounts. These funds are to be used to replace the site and facilities previously enjoyed by the football club within 5 years from February 2007. Funds unused by that date will then accrue to the Council. With interest accrued in 2006/07, the value of the funds at 31.3.07 was as follows:

Accounts	Balance £'000
Replacement facilities account	1,801
Replacement site account	211
Total	2,012

The escrow accounts do not represent assets of the Council and are accounted for separately.

42. Contingent liabilitiesa) 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.

b) 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.

c) Equal pay claims

In common with other Local Authorities, the Council is aware of a potential liability in respect of equal pay claims. At the balance sheet date a number of grievances and claims have been received, none of which contain sufficient information to suggest that they would succeed. Despite these circumstances the Council has resources to pay towards any sums that might be payable in its Job Evaluation Provision .

d) Waste management

There is a potential liability facing the Authority in respect of the Materials Recovery and Energy Conversion (MREC) facility, currently operated by Neath Port Talbot CBC. Compensation to the Royal Bank of Scotland equivalent to the fair value of the Principal Agreement at the time of termination is still to be resolved. Neath Port Talbot CBC will seek a contribution compensation from this Authority, however. it is not possible to quantify any potential liability at this time.

43. Analysis of net assets employed

2005/06 £'000		2006/07 £'000
82,304	General Fund	70,493
-	HRA	-
7,003	Trading Accounts	6,752
89,307	Total	77,245

44. Pensions liabilities, FRS 17 disclosures

Employees are admitted to the Rhondda Cynon Taff County Borough Council Pension Fund, which is administered by Rhondda Cynon Taff 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 2007 in an approximate manner.

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

	31st March 2005 % pa	31st March 2006 % pa	31st March 2007 % pa
Inflation Rate	2.9	3.0	3.2
Discount rate for scheme liabilities	5.3	4.9	5.3
Discount rate for pension costs over year	5.3	4.9	5.3
Rate of pension increases	2.9	3.0	3.2
Rate of salary increases	4.4	4.5	4.7

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 2005, 2006 and 31st March 2007 are set out in the following table.

	31st March 2005 %	31st March 2006 %	31st March 2007 %	Long Term Returns 31st March 2005 %	Long Term Returns 31st March 2006 %	Long Term Returns 31st March 2007 %
Equities	77	82	81	7.7	7.3	7.7
Bonds - Government	16	12	12	4.7	4.3	4.7
Bonds - Corporate	1	2	2	5.3	4.9	5.3
Property	0	0	0	6.7	6.3	6.7
Other	6	4	5	4.8	4.6	5.6
Total	100	100	100			

The following amounts show the assets and liabilities of the Fund that are attributable to Bridgend County Borough Council. The overall position of the Fund is represented in the following tables and shows an increase in the deficit of £7.95m.

	31st March 2005 £m	31st March 2006 £m	31st March 2007 £m
Share of assets	162.04	209.35	224.88
Estimated funded liabilities	(325.79)	(374.76)	(397.68)
Estimated unfunded liabilities	(14.63)	(15.56)	(16.12)
Bridgend CBC Deficit	(178.38)	(180.97)	(188.92)

Bridgend CBC has usable reserves of £17.9m, representing a shortfall of £171.02m 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.

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The movement in the net deficit for the year to 31st March 2007 is as follows:

	31st March 2006 £m	31st March 2007 £m
Opening deficit in the fund	(178.38)	(180.97)
Contributions paid	13.63	15.84
Current service cost	(11.77)	(13.63)
Past service cost	6.49	(0.77)
Gain/Loss on settlements or curtailments	0.00	0.00
Expected return on pension fund assets	11.56	14.20
Interest on pension scheme liabilities	(18.15)	(19.24)
Actuarial gains(losses)	(4.35)	(4.35)
Closing deficit in the fund	(180.97)	(188.92)

Disclosure of information about movements on the net liability

The following transactions in respect of the Pension Fund have been made during the year:-

2005/06 £'000	Income & Expenditure Account	2006/07 £'000
(12,730)	Contributions towards Funded Liabilities	(14,700)
(900)	Unfunded Benefit Payments	(1,140)
11,770	Current Service Costs	13,630
(1,860)	Services Expenditure	(2,210)
	Non-Distributed Costs	
630	Past Service Costs	770
(7,120)	Commutation Adjustment 50% take up	
(8,350)	Net Cost of Services	(1,440)
6,590	Pension Interest Cost & Expected Return on Assets	5,040
(1,760)	Net Operating Expenditure	3,600
1,760	Transfer to/(from) Pensions Reserve	(3,600)
-	Amount to be met from Local Tax Payers & Government Grant	-

2005/06 £'000	Funding Position	2006/07 £'000
209,350	Estimated Assets in Scheme	224,880
(390,320)	Estimated Liabilities in Scheme	(413,800)
(180,970)	Net Asset / (Liability)	(188,920)

2005/06 £'000	Statement of Total Recognised Gains & Losses	2006/07 £'000
1,760	Appropriations to/from Revenue	(3,600)
(4,350)	Actuarial Gains & (Losses) relating to Pensions	(4,350)
(2,590)		(7,950)

Notes To Cash Flow Statement

45. Reconciliation to income and expenditure account

2005/06 £'000		2006/07	
		£'000	£'000
	Surplus/(Deficit) on:		
92	Income & Expenditure Account	(545)	
	Add Back:		(545)
13,156	Depreciation	11,717	
(13,302)	Depreciation Transfer to Capital Financing Account	(11,604)	
779	Transfers to/(from) Earmarked Reserves	(1,426)	(1,313)
	Plus/(Less) Movements in Relevant Balance Sheet Items:		
(18)	Increase in Stock	(22)	
(1,100)	Increase in Provisions	627	
(326)	Increase in Creditors	4,072	
3,995	Decrease in Debtors	118	
16	Increase in Other Funds	14	
493	Decrease in Loan Premiums	493	
			5,302
3,785			3,444
4,390	Cash Flow on Servicing of Finance		2,237
8,175	Cash Flow on Revenue Activities		5,681

46. Government grants received

2005/06 £'000		2006/07 £'000
8,142	Council Tax Benefit	8,422
7,423	ELWa Grant	7,509
4,461	Other Education	6,379
2,951	Other Social Services	2,468
7,560	Others	8,400
3,689	Supporting People	3,669
1,695	Resettlement Grant	1,711
1,670	Concessionary Fares Grant	2,075
1,213	INSET Grant for Education Support	38
577	Waste Disposal	1,720
1,114	Housing/Council Tax Benefit Administration	1,239
796	Capacity Grant	-
709	Mental Handicap Strategy	-
246	Carers Special	243
137	Lottery Grants	179
35	Home Office	-
42,418	Total	44,052

47. Analysis of cash balances

	Balance B/F 01/04/06 £'000	Balance C/F 31/03/07 £'000	Change During Year £'000
Cash at Bank	404	586	182
	404	586	182

48. Financing and management of liquid resources

	Balance B/F 01/04/06 £'000	Balance C/F 31/03/07 £'000	Change During Year £'000
Short Term Investments	100	10,900	10,800
	100	10,900	10,800

49. Reconciliation of movement in cash to movement in net debt

	Balance B/F 01/04/06 £'000	Balance C/F 31/03/07 £'000	Change During Year £'000
<u>Borrowing</u>			
Short Term	4,544	3,359	(1,185)
Long Term	87,664	91,792	4,128
<u>Cash</u>			
Short Term Investments	(100)	(10,900)	(10,800)
Cash at Bank	(404)	(586)	(182)
	91,704	83,665	(8,039)
Increase in Cash During the Period			(182)
Increase in Short Term Investments			(10,800)
Decrease in Short Term Borrowing			(1,185)
Increase in Long Term Borrowing			4,128
Change in Net Debt			(8,039)
Net Debt 1/4/06			91,704
Net Debt 31/3/06			83,665
Change in Net Debt			(8,039)

Glossary Of Terms

Accrual

An accrual is a sum shown in the accounts representing income or expenditure for the accounting period but which was not actually received or paid as at the date of the balance sheet.

Actuary

An actuary is a person who works out insurance and pension premiums, taking into account factors such as life expectancy.

Agency services

Agency services are services provided for us by an outside organisation.

Amortisation

Reduction in value of capital expenditure which has not created an asset, through charges to revenue.

Audit

An audit is an independent examination of the Council's accounts.

Balance Sheet

This is a statement of our assets, liabilities and other balances at the date of the end of the accounting period.

Best Value Accounting Code of Practice (BVACOP)

The Best Value Accounting Code of Practice modernises the system of Local Authority accounting and reporting to ensure it meets the needs of modern local government, in particular the duty to secure and demonstrate Best Value in the provision of services to the community.

Budget

A budget (or estimate) is a plan of income and spending, based upon which council tax is set. Actual expenditure and income is subsequently monitored against this plan.

Capital expenditure

Capital expenditure is spending on fixed assets. These are assets that will be used for several years in the provision of services and are items such as buildings, equipment and vehicles.

Capital Financing Account

This is money set aside in the Council's accounts for capital spending and to repay loans.

Capital receipt

Capital receipts are proceeds from the sale of fixed assets such as land or buildings.

Cashflow Statement

This is a statement that summarises the movements in cash during the year.

Balance Sheet

The balance sheet combines the assets, liabilities and other balances of all our services, at the end of the financial year, 31st March.

Contingent liabilities

A Contingent Liability is a possible obligation that arises from past events and whose existence will be confirmed by the occurrence of uncertain future events.

Corporate and Democratic Core (CDC)

CDC is a service defined by the Best Value Accounting Code of Practice representing costs relating to Member activity (Democratic Representation and Management) and costs that provide the infrastructure to ensure that services can be provided (Corporate Management).

Creditor

A creditor is an organisation / someone owed money by the Council at the end of the financial year for goods / services received during the financial year or previous years.

Current assets

These are short-term assets that are available for the Council to use in the following accounting year.

Current liabilities

These are short-term liabilities that are due for payment by the Council in the following accounting year.

Debtor

A debtor is an organisation / someone who owed the Council money at the end of the financial year for goods / services received during the financial year or previous years.

Deferred grants

The government grants deferred account represents the balance of grants applied to the financing of fixed assets awaiting amortisation to the Income and Expenditure account to match the depreciation of the relevant assets.

Delegated schools balances

Under the Local Management of Schools provisions, any balances accrued at year end are delegated to individual schools. These funds are held outside of the Council's General Fund balances.

Depreciation

Depreciation is the estimated loss in value of fixed assets that are presented in the Balance Sheet.

Direct Service Organisation (DSO)

This was a term referring to parts of the Council's own organisation. It consisted of workers directly employed (including supervisory staff), accommodation, equipment etc used to carry out specified tasks for the Council.

Earmarked reserves

These are reserves set aside for a specific purpose.

Escrow account

Escrow is a legal arrangement whereby money is delivered to a third party (called an escrow agent) to be held in trust pending a contingency or the fulfillment of a condition or conditions in a contract.

Financial Year

This is the accounting period. For local authorities it starts on 1st April and finishes on 31st March of the following year.

Finance leases

Finance leases are used to finance purchases where the Council takes on most of the risks associated with owning the asset.

Fixed asset

These are long-term assets that are used in the provision of services (usually for more than one year).

Fixed Asset Restatement Account (FARA)

This represents the non-distributable increase/decrease in the valuation of fixed assets.

Financial Reporting Standard (FRS)

Financial regulations to be followed as set by the Accounting Standards Board (ASB).

Government grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

Income and Expenditure Account

This account records day-to-day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

Leasing

This is a method of financing capital expenditure by paying the owner to use property or equipment for a number of years.

Liability

A liability is an amount payable at some time in the future.

Minimum Revenue Provision (MRP)

This is an amount that has been set aside to repay loans.

National Non-Domestic Rates (NNDR)

The NNDR, or Business Rate, is the charge to occupiers of business premises. The money collected is paid to the Welsh Assembly Government and redistributed to individual authorities in proportion to their adult population.

Net Realisable Value

The selling price of an asset, reduced by the relevant (direct) cost of selling it.

Non Distributable Costs (NDC)

NDC is a category of costs defined by the Best Value Accounting Code of Practice. It represents:

- costs of unused I.T. facilities,
- costs of long term unused, unrealisable assets,
- certain pension fund costs

Open Market Value in Existing Use (OMVEU)

OMVEU is a basis for valuation of fixed assets.

Operating assets

These are assets used in the running / provision of services.

Operating leases

These are leases where risks of ownership of the asset remain with the owner.

Post balance sheet events

Post balance sheet items are those that arise after the Balance Sheet date. These are items that did not exist at the time the Balance Sheet was prepared but should be disclosed if they are relevant to the fair presentation of the accounts.

Precepts

This is the amount paid to a non-billing authority (for example a community council) so that it can cover its expenses (after allowing for its income).

Prior year adjustment

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors.

Provision

A provision is an amount we set aside in our accounts for expected liabilities which we cannot measure accurately.

Provision for Credit Liabilities (PCL)

This is money set aside to repay debt. This forms part of the capital financing account (CFA).

Public Works Loan Board (PWLB)

This is a Government agency which provides longer term loans to local authorities. It charges interest rates only slightly higher than those at which the Government can borrow.

Related party transactions

These are the transfer of assets or liabilities or the performance of services by, to or for a related party no matter whether a charge is made.

Reserves

These are the sums set aside to meet future expenditure. They may be earmarked to fund specific expenditure or be held as general reserves to fund non specific future expenditure.

Revenue account

This is an account which records our day to day spending and income on items such as salaries and wages, running costs of services and the financing of capital expenditure.

Statement of Standard Accounting Practice (SSAP)

Financial regulations to be followed as set by the Accounting Standards Board (ASB).

Statement of Total Recognised Gains and Losses (STRGL)

The purpose of the statement is to show all gains and losses recognised in a period, to reflect the Council's financial performance during the year.

Stocks

Stocks are raw materials purchased for day to day use. The value of these items that have not been used at the end of the financial year are shown as current assets in the balance sheet.

Temporary borrowing or investment

This is money borrowed or invested for an initial period of less than one year.

Trust fund

Trust funds hold money on behalf of an individual or organisation. Trustees administer the funds for the owners.

Voids

Voids are empty properties.

Work in progress (WIP)

Work in progress is the value of work undertaken on an unfinished project at the end of the financial year, which has not yet been charged to the revenue account.