

CITY OF BRADFORD METROPOLITAN DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2005-6

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Opinion on the financial statements

I have audited the financial statements and pension fund accounts of City of Bradford Metropolitan District Council, and its group, for the year ended 31 March 2006 under the Audit Commission Act 1998. The financial statements comprise the Consolidated Revenue Account, the Collection Fund, the Consolidated Balance Sheet, the Statement of Total Movements in Reserves, the Cash Flow Statement, the Group Accounts, and the related notes. The pension fund accounts comprise the Fund Account, the Net Assets Statement, and the related notes. These financial statements have been prepared under the accounting policies set out within them.

This report is made solely to City of Bradford Metropolitan District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Chief Finance Officer and auditors

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

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

I report to you my opinion as to whether the financial statements presents fairly the financial position of the Authority in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005:

- The financial position of the authority and its income and expenditure for the year; and
- The financial transactions of its pension fund during the year and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

I review whether the statement on internal control reflects compliance with CIPFA's guidance. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the statement on internal control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the authority's corporate governance procedures or its risk and control procedures.

I read other information published with the financial statements, and consider whether it is consistent with the audited financial statements. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the authority's circumstances, consistently applied and adequately disclosed.

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

Opinion

In my opinion:

- The financial statements present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005, the financial position of the authority as at 31 March 2006 and its income and expenditure for the year then ended.
- The pension fund accounts present fairly, in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2005, the financial transactions of the Pension Fund during the year ended 31 March 2006, and the amount and disposition of the fund's assets and liabilities as at 31 March 2006, other than liabilities to pay pensions and other benefits after the end of the scheme year.

Signed:

Date: 22 September 2006

Ivan McConnell
District Auditor

Audit Commission
Kernel House
Killingbeck Drive
Killingbeck
Leeds LS14 6UF

Authority's Responsibilities

The authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements.

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

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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

- Certifying that I have done so;
- Stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance The financial position of the authority and its income and expenditure for the year; and
- Where relevant, making any recommendations under section 7 of the Local Government Act 1999.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and I am satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in July 2005, in all significant respects, City of Bradford Metropolitan District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2006, except for:

- The authority has not put in place arrangements to maintain a sound system of internal control; and
- The authority has not put in place arrangements that are designed to promote and ensure probity and propriety in the conduct of its business.

Signed:

Date: 22 September 2006

Ivan McConnell
District Auditor

Audit Commission
Kernel House
Killingbeck Drive
Killingbeck
Leeds LS14 6UF

Introduction to the Council's Accounts

This report sets out the Council's Statement of Accounts for the financial year 2005-6. One of the prime objectives of the report is to provide easily understood information, which gives an insight into how the Council has performed during the financial year.

Facts and figures have been presented as simply and clearly as possible. However the legal and accounting requirements imposed by the Code of Practice on Local Authority Accounting in the United Kingdom and the Amended Accounts and Audit Regulations 2006 mean that certain statements are unavoidably detailed.

This foreword includes a **Statement of Responsibilities** and is followed by a **Statement on Internal Control**. The accounting statements then follow, beginning with the **Report of the Interim Finance Director**. This report summarises the most significant items reported in the accounts and outlines the overall financial position of the Council for 2005-6. Information about the amount of money spent by the Council and where the money comes from is shown in a series of charts. A distinction is made between revenue spending (the annual cost of providing services) and capital expenditure (spending on schemes which will have a long-term benefit for the citizens of the Bradford District).

The **Statement of Accounting Policies** sets out in detail the accounting policies adopted by the Council. It is followed by the core financial statements. The first is the **Consolidated Revenue Account**, which reports the total amount spent during the year on all the services the Council is responsible for. It also shows how much of this cost has been met by council taxpayers and how much has been funded by central government through grants. The **Consolidated Balance Sheet** identifies the value of the Council's land, buildings and vehicles and how much it has borrowed. It also shows how much the Council owed to suppliers and how much was owed to the Council at the year end. **The Statement of Total Movements in Reserves** brings together monies held in reserves. A distinction is made between reserves that can be used to support future revenue spending, those earmarked for a specific purpose and those which are not cash reserves. **The Cash Flow Statement** sets out in detail where the Council received cash from and what this cash was spent on.

There are supplementary statements for the **Collection Fund**, showing how much money has been collected from council tax and non-domestic rates and how this money has been passed on to precepting authorities, and for the **West Yorkshire Pension Fund**, for which Bradford is the administering authority.

Authorities are also required to publish **Group Accounts** where they have material interests in subsidiaries, associated companies or joint ventures. These follow the main financial statements and include an introductory foreword.

All the above accounts have a short note describing their purpose and where appropriate further notes to explain significant financial matters.

In order to help readers a **Glossary of Terms** widely used in relation to local authority finance and referred to within these accounts is included at the back of the document.

The financial statements are subject to audit by the authority's external auditors.

Bradford Metropolitan District Council'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 this authority, that officer is the Interim Finance Director
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the statement of accounts

The Interim Finance Director's Responsibilities

The Interim Finance Director is responsible for the preparation of the authority's statement of accounts in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting and the Amended Accounts and Audit Regulations 2006.

In preparing this statement of accounts, the Interim Finance Director has:

- Selected suitable accounting policies and applied them consistently
- Made judgements and estimates that were both reasonable and prudent
- Kept proper and up to date accounting records
- Taken reasonable steps for the prevention and detection of fraud and other irregularities
- Complied with the Code of Practice

In addition the Department of Finance has issued

- A code of practice for all finance officers employed by the Council, outlining their individual responsibility for maintaining the highest professional standards
- A manual on the practices to be adopted in the preparation of the Council's year end accounts
- Various corporate standards giving guidance on specific accounting issues

Certification of the Accounts

I certify that the statement of accounts presents fairly the position of Bradford Metropolitan District Council at 31 March 2006 and its income and expenditure for the year ended 31 March 2006.

Signed:

Susan Mawson
Interim Finance Director

Date: 22 September 2006

In accordance with the Amended Accounts and Audit Regulations 2006, I certify that the statement of accounts was approved by the Audit and Staffing Committee on 28 June 2006.

Signed:

Cllr Kris Hopkins
Chair of Audit and Staffing Committee

Date: 22 September 2006

Report by Susan Mawson, Interim Finance Director

On 24 February 2005 the council set its budget and council tax for 2005-6. Spending of £618,028,000 was approved. This was to be funded from government grants and local taxation (£616,895,000) and from the authority's General Fund balance (£1,133,000).

On 17 October 2005, the Executive agreed that the overspending carried forward from 2004-5 in respect of Environmental Services be met from the General Fund balance. This increased estimated spending in 2005-6 to £618,423,000 and the amount to be met from the General Fund balance to £1,528,000.

General Fund spending in 2005-6 was £613,670,000, £4,753,000 below the estimated level. Instead of the planned deficit of £1,528,000, a surplus of £3,225,000 was paid into from the General Fund balance at the year-end.

The net underspend of £4,753,000 is after action taken by Directors, under Financial Regulation 15, to carry forward budgets totalling £1,299,000 to meet commitments in 2006-7. The net underspend is the result of:

	£000	£000
Variations in spending by Departments		
Asset Management	-397	
Arts, Heritage and Leisure	222	
Education Contract Services	-54	
All other services	28	-201
Variations in other costs		
Capital financing costs	-1,330	
Interest and investment income	-1,466	
Contingencies not used	-543	
Other savings	-1,213	-4,552
Net underspending		-4,753

- **Asset Management:** The net underspending resulted from surpluses in Architects and Building Maintenance Services. Income was maintained or increased whilst reducing overheads and increasing productivity.
- **Arts, Heritage and Leisure and Education Contract Services:** The overspending was in respect of lease termination costs for Victoria Hall, Saltaire. The cost was partly met within the Office of Regeneration and Environment through the underspending on Education Contract Services.
- **Capital financing costs:** The saving on capital financing costs was as anticipated in the last financial monitor report and was a consequence of action taken at the end of 2004-5 to temporarily repay debt from unspent capital receipts balances.
- **Interest and investment income:** The last financial monitor anticipated a saving of at least £700,000 but the eventual figure was £1,466,000. Factors influencing the saving include the beneficial effect on the authority's cash flow of unused capital resources such as a result of the capital underspending.
- **Contingencies:** A number of contingency provisions set aside in the budget were not required in the year. The saving is broadly in line with the figure anticipated in the last financial monitor.
- **Other savings:** There were a number of one-off, windfall savings in the year, including the receipt of

grants (£382,000) and other income (£170,000) associated with the former housing revenue account; Savings from strike action taken by staff in the year (£228,000); and the transfer to revenue of unidentified income (£283,000).

Exceptional Expenditure

There was exceptional expenditure of £13m in the year on the creation of a provision for equal pay claims. Note 6 on page 17 explains why the provision is required and how it has been created.

Schools

There was a net surplus on schools' delegated budgets of £14,112,000. The net surplus is made up of deficit balances of £5,896,000 and surplus balances of £20,008,000. These sums have been carried forward to schools' budgets in 2006-7 in accordance with delegated arrangements.

General Fund Balance

The General Fund balance acts as a necessary contingency against unforeseen events.

At 31 March 2006 the General Fund balance totalled £14,893,000. This will be reduced to an anticipated balance of £12,493,000 after taking account of the planned use of the reserve approved as part of the 2006-7 budget.

More Details

The Interim Finance Director presented her report "Outturn Position and Statement of Accounts for the Financial Year Ended 31 March 2006" to the meeting of the Council's Executive on 27 June 2006. The report provides more details of the Council's financial performance in 2005-6. It is a public document and can be viewed via the Council's Internet site www.bradford.gov.uk

How Much Money Did the Council Spend?

In 2005-6 the gross revenue expenditure on the provision of services was £1,059.9m. This included £1,044.8m on General Fund services, £14.6m paid to the West Yorkshire Passenger Transport Authority and £497,000 paid in local precepts to Parish Councils. For a further breakdown of the amount spent on individual services see either the chart following or the Consolidated Revenue Account (page 12).

The spending statements on services follow the expenditure analyses for services set out in the Best Value Accounting Code of Practice (BVACOP), the purpose of which is to facilitate comparisons between different authorities. As the service analysis is mandatory for all local authorities' financial statements, it does not necessarily match the current management structure and financial monitoring framework of the Council.

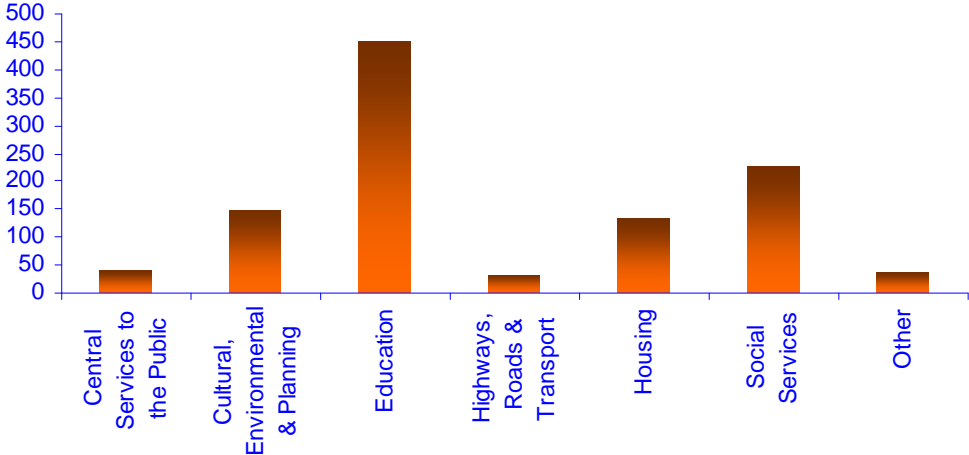
Where Did the Council Get Its Money?

The Council's General Fund revenue spending is mainly funded through Revenue Support Grant (£326.2m), council tax (£131.5m) and redistributed non-domestic rate income (£159.2m). The government through specific grants provides a further £289.5m of funding. The Council itself raises the remaining money (£153.5m) in the form of rents and fees and charges for services provided.

What Is the Money Spent On?

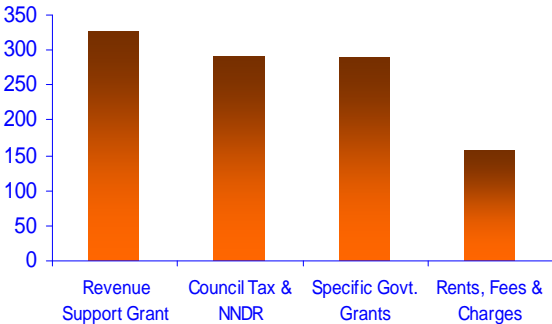
Local authority services are labour intensive with staff costs accounting for £441.3m of revenue expenditure. In 2005-6 spending on other operating costs and capital financing costs was £496.2m and council tax and rent benefits together totalled £122.4m.

Where the money was spent (£m)

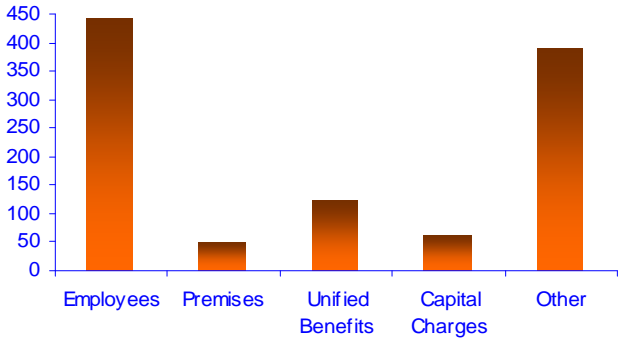


“Other” includes corporate management, democratic representation and management, non-distributed costs, court and probation services.

Where the money came from (£m)



What the money was spent on (£m)



Capital Expenditure

The Local Government Act 2003 and the Prudential Code for Capital Finance in Local Authorities together provide a regulatory framework for capital expenditure by local authorities. The framework allows authorities the freedom to borrow to fund capital investment. However, authorities must borrow responsibly and at affordable levels. The Prudential Code requires authorities to demonstrate this by setting and observing a range of prudential indicators covering the level of capital expenditure and the cost of financing it. The indicators also include the authority's own limits on the level and structure of its external borrowing.

The cost of most authority borrowing is supported by Government revenue grant. Where authorities borrow prudentially (i.e. above the level supported by grant) they must meet the full cost of the borrowing.

Other than borrowing, authorities continue to receive capital grants towards certain projects and to be able to reinvest their capital receipts or use revenue to fund capital spending.

Capital Spending in 2005-6

The Council spent £95,452,000 in the year, an underspending of £31,223,000 against the planned level. The underspending and the unspent resources have been rolled forward to 2006-7.

Capital resources of £31,762,000 were carried forward on the authority's balance sheet at 31 March 2006 in the Renewals and Replacement Reserve (£13,032,000), as unused capital receipts (£1,995,000) and as grants received in advance (£16,735,000). In addition, the authority used £19,189,000 of unspent capital receipts to repay debt at 31 March 2005 but retains the spending power of those receipts through a capacity to replace them by borrowing.

Potential resources carried forward into 2006-7 therefore total £50,951,000. These resources are for the following purposes:

Capital Resources Carried Forward	
	£m
Specific resources received in advance by services and to be used in future years	21.1
Corporate resources to fund slippage from 2005-6 and planned support for the capital investment plan in future years	28.4
Working balance on the Renewal and Replacement Reserve	1.4
Total	50.9

Where the Money Came From

The spending of £95,452,000 was funded as follows:

- £29,544,000 (31%) by external borrowing generating capital financing charges which will form part of future revenue spending.
- £39,672,000 (41%) from government and other grants.
- £13,236,000 (14%) from revenue contributions and the use of the Renewal and Replacements Reserve and other revenue reserves.
- £13,000,000 (14%) from capital receipts from the sale of land and buildings.

Major Capital Schemes in 2005-6

The table below shows the expenditure in 2005-6 on some of the major capital schemes, along with the total spend by department.

Major Capital Schemes	Main Schemes £000	Total Spend £000
Arts, Heritage and Leisure		2,929
Markets improvements	539	
Eccleshill pool	442	
Fitness centre refurbishments	498	
Crematoria	470	
Asset Management		2,211
DDA compliance	1,374	
Property statutory compliance	750	
Customer Services		449
Keighley one-stop shop	436	
Education and Life Skills		30,043
Sure Start schemes	739	
Children's centres	2,756	
Additional school places	1,244	
School modernisation grant	4,237	
New opportunities for sport	4,576	
BSF Parkside and Challenge College	6,351	
Devolved formula capital	6,284	
Environmental Services		4,044
Vehicle replacement	2,867	
Recycling schemes	666	
Landfill sites	282	
Policy and Performance		23
Haworth and Ilkley TIC	23	
Policy and Corporate Support		22,716
Provision for capitalisation of equal pay claims	13,000	
Bradford-i	8,691	
E-government Implementation	500	
Urban and rural villages	245	
Regeneration and Housing		15,593
Private sector housing schemes	10,816	
Neighbourhood renewal fund	678	
Integrated development plan	2,100	
Manningham South Mill	1,274	
Regeneration direct development fund	322	
Bradford centre regeneration	323	
Social Services		3,996
Extra care housing	2,238	
Children's homes	728	
Improving information	223	
Repairs and minor works	208	
Transportation, Design and Planning		13,448
Bridge strengthening	2,470	
Highways maintenance	2,652	
Transport package schemes	3,313	
Neighbourhood road safety	790	
South Bradford integrated transport	469	
Bradford centre integrated improvements	2,194	
Total		95,452

Capital Borrowing

The Prudential Code defines the Capital Financing Requirement (CFR) as the measure of an authority's borrowing for capital purposes. It is one of the indicators an authority must set and monitor against each year to ensure capital spending and borrowing are affordable.

The Council's CFR at 31 March 2006 is £439.9m, which is within the indicator it set for the year of £462.1m.

Capital Financing Requirement 2005-6	
	£000
Balance at 1 April 2005	437,947
Prior year adjustments (see Note 1 on page 16)	667
Restated balance at 1 April 2005	438,614
Capital spending in the year financed from borrowing	29,544
Provision made in the year for the repayment of capital borrowing	-28,222
Balance at 31 March 2006	439,936

Council Tax Collection

At 31 March 2006, the Council had collected over 95% of the value of council tax bills sent out for 2005-6. The recovery process continues for outstanding arrears.

Housing Revenue Account (HRA)

With Government consent, the HRA was closed from 1 April 2005 and the surplus transferred to the General Fund at that date.

Pensions Liabilities

Financial Reporting Standard 17 requires the Council to include in its balance sheet the Council's share of the West Yorkshire Pension Fund's assets and liabilities.

At 31 March 2006 the deficit on the pensions reserve calculated by the actuary was £343m, a decrease of £19m when compared to the figure at 31 March 2005.

The deficit takes into account a change to the Local Government Pension Scheme (LGPS) regulations which allow scheme members retiring on or after 6 April 2006 to take a higher lump sum in exchange for a lower retirement pension. The resulting commutation savings of £15,331,000 has been treated as a past service gain.

As part of the latest full triennial valuation of the West Yorkshire Pension Fund at 31 March 2004, the actuary determined the rate at which employers should contribute over the next three years to ensure that existing assets and future contributions are sufficient to meet future benefit payments from the Fund.

General Principles

The accounts have been prepared in accordance with;

- the Amended Accounts and Audit Regulations 2006
- the Code of Practice on Local Authority Accounting issued by the Chartered Institute of Public Finance and Accountancy (CIPFA)
- Financial Reporting Standards (FRS) issued by the Accounting Standards Board
- the Best Value Accounting Code of Practice (BVACOP)

These specify the accounting principles and practices required to prepare a statement of accounts which presents fairly the financial position and transactions of a local authority.

Income and Expenditure (Debtors and Creditors)

Income and expenditure are accounted for in the year in which they arise by the creation of debtors and creditors. There are a small number of exceptions to this accruals concept.

- A 12-month charge is included for payments to public utilities but this may not necessarily be the period of the financial year.
- Interest payable on external borrowing is charged to the Asset Management Revenue Account on an accruals basis except that there remains a small number of loans taken out before April 1988 for which, in accordance with previous practice, interest is not accrued. Non accrual of interest amounted to £140,000 at 31 March 2006.
- From time to time loans are repaid early and replaced to take advantage of lower interest rates. Where a discount or premium arises in respect of the early repayment of a loan it is amortised and charged to the revenue account over the life of the replacement loan. Where the replacement loan has a fixed period followed by an option to renew, for example lenders option / borrowers option (LOBO) loans, the amortisation is over the fixed period only. The balance not yet charged to revenue is shown in the balance sheet as a deferred debtor.
- Expenditure on rent allowances is accounted for on a 52-week basis, with an occasional 53rd week being charged into the accounts.

Costs of Support Services

In accordance with current accounting practice, the costs of central support services are recovered from users either by cost apportionments (based on time spent or usage) or by charges under service level agreements. The costs of Corporate and Democratic Core (CDC) and Non Distributed Costs (NDC) as required by CIPFA's BVACOP are not charged to services.

Pension Costs

Financial Reporting Standard 17 requires the authority to account for retirement benefits when the benefit entitlements are earned, even if the actual payments will be many years hence.

The authority's pension liabilities have been measured on an actuarial basis using the projected unit method. The approach is approximate in nature but the authority is not aware of any circumstances that would invalidate it.

For the 2005-6 Statement of Accounts, the discount rate chosen by the Actuary to discount post retirement benefit obligations was the redemption yield on the iBoxx Sterling AA corporate bond over 15 years index.

As the appropriate real discount rate used reduced from 2.7% (5.5% actual) at 31 March 2004 to 2.5% (5.4% actual) at 31 March 2005, the current service cost measured as a percentage of pensionable pay was 17.6% in 2005-6 as opposed to 16.4% in 2004-5.

In service accounts the cash payments made to the West Yorkshire Pension Fund (WYPF) have been replaced with the current service cost calculated by the actuary. The current service cost which represents the true economic pension cost of employing people in a financial year has been apportioned to services pro rata to employer's cash pension contributions.

The 2005-6 pension cost includes the estimated effect of the commutation savings (£15.331m) arising from a change in the LGPS rules which allows members retiring on or after 6 April 2006 to take a higher lump sum in exchange for a lower retirement benefit. The saving included within Non Distributed Costs has been based on the advice of our actuary who assumed that 50% of members will take up the option to increase their lump sum to the maximum available. A 1% change in the take-up rate would increase or decrease the figure by £306,000.

The attributable assets of the WYPF have been measured at fair value. The performance has been based on asset splits as at 31 December 2005 and investment returns for the nine months up to that date. The final quarter's performance has been estimated from market index returns.

Additional pension costs such as added years benefits, for which the WYPF recharge the authority direct, have been included in the liabilities and contributions for FRS 17 purposes.

As FRS 17 requires that all defined benefits awarded to employees are recognised in the pension liability, an actuarial calculation of the liabilities in respect of the compensatory added years benefits awarded to teachers, has been obtained and included within the overall pension liability.

The difference between the value of the pension fund assets calculated by the actuary and the present value of scheme liabilities is shown in the Pensions Reserve. Note 13 to the main financial statements on page 19 gives further details.

Single Regeneration Budget (SRB) Schemes

The authority acts as the accountable body for a number of SRB schemes funded by Government grant. They are accounted for on the following basis:

- The authority does not exercise control in practice over the grant distribution processes of these schemes. Accordingly, it is not necessary for all SRB grants channelled through the schemes to be included in the authority's accounts.
- Where the authority is the ultimate recipient of grant distributed by the SRB bodies, the grant receivable is included in the accounts on an accruals basis.
- Where liabilities may arise for the repayment of grant as a result of the authority's status as accountable body these will be recognised in the accounts of the authority in the appropriate way.

Tangible Fixed Assets

All expenditure on the acquisition, creation or enhancement of fixed assets above the de minimis level of £10,000 has been capitalised on an accruals basis. Additions are initially included at their cost of acquisition.

The fixed asset values used in the accounts are based on valuations carried out by the Department of Asset Management.

Authorities are required to revalue each asset at least once every five years.

Intangible Fixed Assets

Intangible assets are assets in respect of which the Council controls access to the economic future benefits either through custody or legal protection. This includes

computer software licences and the development of computer software. Expenditure on intangible assets is capitalised on an accruals basis at historic cost. They are amortised on a straight-line basis over the period that benefit is received. It is assumed that there will be nil residual value. Intangible assets are reviewed annually for impairment.

Deferred Charges

Where the authority incurs capital expenditure but does not control the economic benefits of that spending it is treated as a deferred charge. This includes grants and other assistance given to outside bodies and individuals for capital purposes. Deferred charges create no lasting economic benefit for the authority and are written off to revenue in the year they are incurred.

Depreciation

Depreciation is charged on all fixed assets (other than non-depreciable land and non-operational investment properties) if it is material. Accordingly:

- Operational buildings, which were previously depreciated over 50 years, have each been reviewed and are now depreciated over their individually estimated useful economic life.
- Non-operational investment properties have not been depreciated except where they are leased and have an unexpired term of 20 years or less (these have been depreciated over the unexpired term of the lease on a straight-line basis).
- Infrastructure assets are depreciated on a straight-line basis over 30 years
- Vehicles, plant and equipment are depreciated over 3 to 7 years, as appropriate.

Assets are not depreciated in their year of acquisition.

Impairment

During 2005-6 the Council's Department of Asset Management has undertaken an impairment review of property assets. No impairment of assets has been identified during this process.

Capital Charges

Capital charges are made for the use of fixed assets in the provision of services.

Capital charges made to service revenue accounts (including central support services) include depreciation and a notional interest charge based on the fixed assets included in the balance sheet at 1 April 2005.

The notional rate of interest used is 3.5% for fixed assets held at current value and 4.95% for assets held at historic cost.

Capital Receipts

These result from the sale of Council assets and are included in the accounts on an accruals basis. A part of all housing receipts must be paid to the Government as part of the national pooling of such receipts. The balance of housing receipts and all other receipts are held in the Usable Capital Receipts Reserve until used to finance new capital expenditure or to repay debt.

Grants

All grants receivable are included in the accounts on an accruals basis.

Grants used to finance spending on fixed assets are credited to the Government Grants Deferred Account or the Fixed Asset Restatement Account. Amounts are released from the Government Grants Deferred Account to offset any provision for depreciation charged to the revenue account in respect of the assets concerned.

All other grants are included in the net cost of services.

Leases

Rentals paid under operating leases are charged to revenue.

Current Assets

Stocks, stores and work in progress are included at the lower of cost or net realisable value.

Investments

Investments are shown at original cost.

Provisions

Provisions are created when, due to a past event, it is probable that the authority will have to make a payment to settle its present obligation.

Contingent Liabilities

When the authority can estimate with a degree of certainty that a future event will confirm a contingent loss it is included in the financial statements. Where a material contingent loss cannot be accurately estimated or where the event is not considered sufficiently certain, it is not included in the accounts but disclosed as a note to the accounts.

Revenue Reserves

The Council maintains certain reserves for the purposes of meeting liabilities other than those covered by provisions:

- The general revenue reserves and balances are available for planned future expenditure, subject to minimum balances being preserved.
- The Housing Revenue Account is a statutory requirement for housing authorities. Following the transfer of the authority's housing stock in 2002-3, the Government gave permission for the HRA to be closed on 1 April 2005. The balance was transferred to general reserves and balances in 2005-6.
- The Collection Fund is not available to support spending but realised surpluses may be released from time to time through the authority's budget process as an adjustment to council tax levels.
- The remaining earmarked revenue reserves have been set aside for specific purposes and are supported by spending plans.

Provision for Bad and Doubtful Debts

Provisions have been made for bad and doubtful debts. Known uncollectable debts have been written off in full.

Subsidiary and Associated Companies

The Council has financial relationships with a number of subsidiary and associated companies. These are shown in the notes to the main financial statements (see Note 22 on page 23).

Where material, those companies have been included in the authority's Group Financial Statements.

Deferred Liabilities

Deferred liabilities consist of liabilities which by arrangement are payable beyond the next year, at some point in the future or will be paid off by an annual sum over a period of time.

Repayment of Debt

The authority charges to revenue an annual provision for the repayment of external loans. The amount charged complies with the minimum revenue provision requirements under the Local Government Act 2003. The repayment provision for prudential borrowing is matched to the estimated life of the assets acquired.

In addition usable capital receipts may be used for debt repayment.

After Balance Sheet Events

Any material events which occurred between the balance sheet date and the date that the financial statements were authorised for issue have been included in the accounts.

This statement reports the net cost for the year of the services provided by the Council. It brings together expenditure and income relating to all of the local authority's operations and demonstrates how the net cost has been financed from general government grants and income from local taxpayers.

Consolidated Revenue Account					
	2004-5 Net Expenditure £000	2005-6 Gross Expenditure £000	2005-6 Income £000	2005-6 Net Expenditure £000	
Expenditure on services					<i>Note 2</i>
Education	292,583	448,566	130,241	318,325	
Social Services	130,569	225,655	88,086	137,569	
Environmental Services	41,628	62,853	17,781	45,072	
Cultural and Related Services	29,223	49,268	17,981	31,287	
Planning and Development Services	22,672	36,632	19,183	17,449	
Highways, Roads and Transport Services	25,901	32,534	5,705	26,829	
General Fund Housing	6,888	130,318	121,999	8,319	
Central Services to the Public	4,069	38,363	32,655	5,708	
Corporate Management	5,379	11,189	6,668	4,521	<i>Note 3</i>
Democratic Representation and Management	4,483	4,425	41	4,384	<i>Note 3</i>
Non distributed costs	3,519	-9,046	4,212	-13,258	<i>Note 3</i>
Court and Probation Services	1,147	1,003	607	396	
Exceptional items – provision for equal pay claims	0	13,000	0	13,000	<i>Note 6</i>
Discontinued services – Housing Revenue Account	-223	0	0	0	<i>Note 7</i>
Net cost of services	567,838	1,044,760	445,159	599,601	
West Yorkshire Passenger Transport Levy	12,861			14,642	
Parish Council Precept	449			497	
Trading services surpluses (-) / deficits	-444			-271	<i>Note 8</i>
Interest and investment income	-4,297			-4,972	
Asset Management Revenue Account	-149			-4,736	<i>Note 9</i>
National pooling of housing capital receipts	299			232	
Net pension interest cost and expected return on pensions assets	5,468			8,665	<i>Note 13</i>
Net operating expenditure	582,025			613,658	
Appropriations					
Transferred to/ from (-) Housing Revenue Account	326			0	<i>Note 10</i>
Transfers to / from (-) revenue reserves	677			-4,919	<i>Note 10</i>
Contributions from the Usable Capital Receipts Reserve	-299			-232	<i>Note 11</i>
the Capital Financing Account	-1,458			2,715	<i>Note 12</i>
the Pension Reserve	-10,190			2,448	<i>Note 13</i>
Amount to be met from government grants and local taxation	571,081			613,670	
Council tax	-124,968			-131,480	
Redistribution of non-domestic rate income	-132,236			-159,214	
Revenue Support Grant	-318,118			-326,201	
Net General Fund surplus	-4,241			-3,225	<i>Note 10</i>
General Fund Reserve at the beginning of the year	-6,048			-10,289	
Consolidation of HRA final balance and general reserves into the General Fund Reserve	0			-1,379	
General Fund Reserve at the end of the year	-10,289			-14,893	

This statement shows the financial position of the Council at the year-end. Balances on all accounts other than Trust Funds and the Pension Fund are brought together and items that reflect internal transactions are eliminated. The balance sheet shows the balances and reserves at the Council's disposal, its long-term indebtedness and the fixed and net current assets employed in its operations, together with summarised information on the fixed assets held.

Consolidated Balance Sheet		Restated	31 March 2006
		31 March 2005	£000
		£000	£000
		<i>Note 1</i>	
Tangible fixed assets	<i>Note 23</i>	735,093	933,180
Intangible fixed assets	<i>Note 24</i>	0	8,672
Long term investment	<i>Note 28</i>	6,000	6,000
Long term debtors	<i>Note 29</i>	6,079	5,060
Deferred premiums	<i>Note 30</i>	7,210	13,433
Total long term assets		754,382	966,345
Current assets:	<i>Note 31</i>		
Stocks and work in progress		1,177	1,143
Landfill useage allowance		0	266
Debtors and payments in advance		68,485	64,314
Investments		50,300	105,300
Cash in hand		46,905	44,513
Less current liabilities	<i>Note 31</i>		
Creditors and receipts in advance		89,577	95,750
Short term borrowing (repayable within 12 months)		14,951	17,574
Cash overdrawn		1,790	15,637
Net current assets		60,549	86,575
Total assets		814,931	1,052,920
Less:			
Long term borrowing	<i>Note 32</i>	422,382	438,911
Provisions	<i>Note 33</i>	6,148	19,982
Deferred liabilities	<i>Note 34</i>	6,970	6,666
Liability related to defined benefit pension schemes	<i>Note 13</i>	362,377	342,827
Total assets less liabilities		17,054	244,534
Financed by:			
Fixed assets restatement account	<i>Note 38</i>	-476,192	-319,140
Usable capital receipts reserve	<i>Note 11</i>	0	1,995
Capital financing account	<i>Note 12</i>	663,801	689,417
Government grants deferred	<i>Note 41</i>	109,788	132,257
Deferred income	<i>Note 39</i>	1,004	904
Deferred capital receipts	<i>Note 40</i>	1,263	926
Pensions reserve	<i>Note 13</i>	-362,377	-342,827
Revenue reserves	<i>Note 10</i>	79,767	81,002
Total equity	<i>Note 35</i>	17,054	244,534

Statement of Total Movements in Reserves

This statement brings together all the recognised gains and losses of the Council during the period. Capital accounts, which are not reflected in the Consolidated Revenue Account, are included in the statement to explain how they have arisen.

Statement of Total Movements in Reserves		2004-5 £000	2005-6 £000
Movement in revenue reserves			
Movement on the Collection Fund	<i>Note 10</i>	3,586	2,929
Housing Revenue Account surplus / deficit (-)	<i>Note 10</i>	326	0
General Fund surplus	<i>Note 10</i>	4,241	3,225
Movement on other revenue reserves:			
Other general reserves	<i>Note 10</i>	-1,100	0
Corporate earmarked reserves	<i>Note 10</i>	392	-14,513
Service earmarked reserves	<i>Note 10</i>	1,385	9,594
Appropriation to / from (-) pensions reserve	<i>Note 13</i>	-10,190	2,448
Actuarial gains and losses (-) relating to pensions	<i>Note 13</i>	-194,268	17,102
Total increase / decrease (-) in revenue resources		-195,628	20,785
Unrealised gains / losses (-) on the revaluation of fixed assets	<i>Note 38</i>	-16,440	174,642
Effects of the disposal of fixed assets			
Increase / Decrease (-) in usable capital receipts	<i>Note 11</i>	-20,232	1,995
Capital receipts set aside as provision for credit liabilities	<i>Note 12</i>	19,189	10,200
Value of assets sold	<i>Note 38</i>	-8,422	-17,590
Net effect of the disposal of fixed assets		-9,465	-5,395
Movement in amounts used to finance capital investment			
Investment financed from capital receipts	<i>Note 12</i>	12,453	13,000
Net revenue resources used to fund capital	<i>Note 12</i>	-1,458	2,715
Long-term debtors (financed from borrowing) repaid	<i>Note 12</i>	-78	-299
Movement in government grants deferred	<i>Note 41</i>	21,273	22,469
Total increase in amounts used to fund capital investment		32,190	37,885
Other movements			
Decrease in deferred income	<i>Note 39</i>	-100	-100
Decrease in deferred capital receipts	<i>Note 40</i>	-293	-337
Total decrease in other reserves and balances		-393	-437
Total Recognised Gains / Losses (-)		-189,736	227,480

Cash Flow Statement

This statement has been drawn up to show where the Council receives cash from and what this cash has been spent on.

Cash Flow Statement	2004-5	2005-6
	£000	£000
Revenue activities: cash outflows		
Cash paid to and on behalf of employees	-428,869	-441,298
Other operating cash payments	-419,630	-421,211
Housing benefit paid out	-90,166	-93,749
Precept paid to Police and Fire Authorities	-19,572	-20,772
Non-domestic rates paid to national pool	-105,040	-105,011
Payments to the capital receipts pool	-299	-232
Total cash outflows	-1,063,576	-1,082,273
Revenue activities: cash inflows		
Council tax receipts	121,310	125,746
Non-domestic rate receipts from ratepayers	105,040	105,486
Non-domestic rate receipts from national pool	132,236	159,214
Revenue Support Grant	318,119	326,201
DWP grants for benefits	90,918	93,838
Other government grants	194,162	195,708
Other operating cash	133,852	145,307
Disbursement from the Collection Fund and other cash	1	1
Dividends from associated companies	168	78
Total cash inflows	1,095,806	1,151,579
Net cash inflow from revenue activities	32,230	69,306
	<i>Note 42</i>	
Servicing of Finance		
Cash outflow –interest paid	-30,475	-31,626
Cash inflow –interest received	3,484	4,972
Net cash outflow from servicing of finance	-26,991	-26,654
Capital activities: cash outflows		
Purchase of fixed assets	-84,450	-92,133
Capital activities: cash inflows		
Sale of fixed assets	11,709	25,427
Capital grants and other receipts	45,041	43,663
Net cash outflow from capital activities	-27,700	-23,043
Total net cash inflow / outflow (-) before financing	-22,461	19,609
Management of liquid resources: Net increase in short-term deposits	36,600	-55,000
Financing		
Cash outflows – repayments of amounts borrowed	-29,772	-29,848
Cash inflows -new loans raised	42,365	49,000
Net cash inflow from financing	12,593	19,152
Decrease (-) / Increase in cash	26,732	-16,239
	<i>Note 44</i>	

Note 1. Prior Year Adjustments and Restatements

Adjustments have been made to the balance sheet as at 31 March 2005 in respect of transactions in earlier years:

West Yorkshire Waste Management Joint Committee – the joint committee was dissolved in 1998-9. The external borrowing of the joint committee was then apportioned and became the responsibility of the individual authorities. The borrowing is managed on the authorities' behalf by Wakefield MDC. Bradford has a liability to Wakefield in respect of the external borrowing but has not previously reflected this in its balance sheet. The outstanding liability of £6,666,930 at 31 March 2005 has now been recognised through an increase in creditors of £266,677 (the amount payable to Wakefield within 12 months) and an increase in deferred liabilities of £6,400,253 (the balance payable in the longer-term). The balancing adjustments are through the capital financing account (£1,930,631 increase) and the fixed asset restatement account (£8,597,561 decrease).

Investment in Leeds Bradford International Airport – The inclusion in the balance sheet of the Leeds Bradford Airport Holding Reserve is no longer considered to be correct. Adjustments have been made to the 31 March 2005 balances to reduce the Airport Holding Reserve by £6m and eliminate it. The balancing adjustments are through the capital financing account (£5,468,000 increase) and the fixed asset restatement account (£532,000 increase). The shareholding investment remains in the balance sheet at its nominal value of £6m.

Developers' Contributions - monies provided by developers for agreed future maintenance of specific recreation and highway schemes have been reclassified as receipts in advance. This has resulted in an increase in creditors of £3,209,000 and a corresponding decrease in provisions.

Prior Year Adjustments and Restatements to the Balance Sheet at 31 March 2005			
	Original Balance	Adjustment	Restated Balance
	£000	£000	£000
Creditors and receipts in advance	86,101	3,476	89,577
Deferred Liabilities	570	6,400	6,970
Provisions	9,357	-3,209	6,148
Leeds Bradford Airport Holding Reserve	6,000	-6,000	0
Fixed Asset Restatement Account	-468,127	-8,065	-476,192
Capital Financing Account	656,403	7,398	663,801

The prior year adjustments to the Fixed Asset Restatement Account and the Capital Financing Account have an impact on the authority's capital financing requirement (see Note 25).

Note 2. Expenditure on Services

Spending on services is analysed as prescribed in the Best Value Accounting Code of Practice (BVACOP). This analysis does not match the current management structure and financial monitoring framework of the Council.

Note 3. Corporate and Democratic Core (CDC) and Non Distributed Costs (NDC)

These are clearly defined in the BVACOP. CDC costs are corporate management and democratic representation

and management. The first of these includes the costs of the Chief Executive's office and costs relating to the maintenance of information required for public accountability and the second relates to all aspects of members' activities.

The pension liabilities calculated by the actuary in respect of early retirement and added years awarded in cases of redundancy form the main element of NDC costs. In 2005-6 NDC costs also include a pension commutation saving of £15,331,000. This has arisen following the introduction of the LGPS (Amendment) Regulations 2006 which allows scheme members retiring on or after 6 April 2006 to take a higher retirement lump sum in exchange for a lower retirement pension.

Note 4. Leased Asset Rentals

Vehicles, Plant, Furniture and Equipment – the Council makes use of certain vehicles, equipment and wheeled and recycling bins financed under operating leases. The amounts paid under these arrangements in 2005-6 were £3.8m (£3.9m in 2004-5).

Land and Buildings - The total of rents payable in 2005-6 accounted for as operating leases was £1.3m (£1.4m in 2004-5).

Authority as Lessor – Rentals receivable by the authority in respect of operating leases in 2005-6 were £5.4m (£5.8m in 2004-5).

The Council was committed at 31 March 2006 to make payments of £4.5m under operating leases in 2006-7, comprising the following elements:

Analysis of Operating Leases		
Leases Expiring:	Other Land & Buildings	Vehicles, Plant & Equipment
	£000	£000
In 2006-7	51	818
Between 2007-8 and 2010-11	774	2,375
After 2010-11	411	0
Total payment due in 2006-7	1,236	3,193

With regard to the authority's activities as a lessor the gross value of assets held at 31 March 2005 for use in operating leases was £96.7m (£37.8m at 31 March 2004) and subject to depreciation of £1.2m (£0.2m in 2004-5).

Note 5. Building Control Trading Account

The Local Authority Building Control Regulations require authorities to provide information on the setting of charges for building control administration and require that income be not less than expenditure over a three-year period. Certain building control functions cannot be charged for e.g. general advice and liaising with other statutory authorities. The table below shows that over the last three years the building regulations account made a surplus of £28,000.

Building Regulations 2003-4 to 2005-6				
	2003-4	2004-5	2005-6	Total
	£000	£000	£000	£000
Expenditure	902	1,295	1,473	3,670
Income	1,003	1,258	1,437	3,698
Surplus (-)/ Deficit	-101	37	36	-28

Note 6. Exceptional Item – Provision for Equal Pay Claims

Implementation of the 1997 Single Status Agreement between local authority employers and unions involves the review, job evaluation and harmonisation of former officer and former manual worker terms and conditions. It will lead to the possibility of compensation claims under equal pay legislation (claims can cover a period of up to six years). The authority will seek to negotiate a settlement of these potential claims and settlement is expected to take place in 2006-7. As a liability exists at 31 March 2006, Financial Reporting Standard 12 requires that provision be made in the accounts. The extent of the liability will not be known until agreement is reached but a guideline estimate of £13m has been used as a basis for the provision. The creation of the provision is shown as an exceptional item and has not been charged to individual services. However, current estimates indicate that the main services affected might be Education (£2m), Social Services (£4m) and trading services for catering and cleaning (£7m).

Expenditure in respect of compensation claims is normally revenue expenditure. However, the authority has applied for a direction from the Secretary of State under Section 16(2)(b) of the Local Government Act 2003 for the cost to be capitalised.

The cost of creating the provision has been included in the authority's capital expenditure as a deferred charge and funded from capital receipts in 2005-6.

Note 7. Discontinued Service – Housing Revenue Account (HRA)

The authority transferred its housing stock to Bradford Community Housing Trust in February 2003. The Housing Revenue Account continued to record residual transactions until its closure on 1 April 2005. The HRA is shown as a discontinued service in 2004-5. The balance on the HRA was transferred to the General fund at 1 April 2005.

Note 8. Trading Services

Trading services are mainly activities of a commercial nature, which are financed substantially by charges made to recipients of the service. The tables opposite show the financial performance of trading services in 2005-6.

Trading Services Surplus (-) / Deficit			
	2004-5	2005-6	2005-6
	Surplus (-)	Turnover	Surplus (-)
	/Deficit		/Deficit
	£000	£000	£000
School and welfare catering	-223	13,540	-199
Non Bradford school catering	-46	1,862	-70
Other catering	9	565	8
Building cleaning	-16	2,996	68
Airport dividend	-168	n/a	-78
Total	-444	18,963	-271

Significant Trading Services Included in Net Cost of Services			
	2004-5	2005-6	2005-6
	Surplus (-)	Turnover	Surplus (-)
	/Deficit		/Deficit
	£000	£000	£000
Markets	-385	3,355	-526
Car parks	-197	1,874	-252
Trade refuse	-590	3,600	70
Building control charges	37	1,437	36
Total	-1,135	10,266	-672

The services have been shown in the Consolidated Revenue Account in accordance with BVACOP. Those in the first table have been shown separately within net operating expenditure. The services in the second table have been included in the net cost of services.

The £526,000 market surplus was used to fund ongoing capital investment in the authority's markets.

Note 9. Asset Management Revenue Account

The account is required under the prescribed capital accounting arrangements. Capital charges are made to service revenue accounts based on the current value of assets used in the delivery of their services. The income from the charges is credited to this account. The account is charged with the external interest costs paid by the authority on loans raised to finance capital expenditure. It is also charged with the provision made for the depreciation of assets, offset by a credit in respect of deferred government grants. The net income or expenditure on the account is transferred to the Consolidated Revenue Account.

Asset Management Revenue Account		
	2004-5	2005-6
	£000	£000
Income		
Capital charges made to services	-40,965	-42,568
Transfer from the Government	-3,391	-8,242
Grants Deferred Account		
Expenditure		
Provision for depreciation	13,732	14,448
External interest charges	30,248	30,801
Early settlement of borrowing	227	825
Balance transferred to the Consolidated Revenue Account	-149	-4,736

Note 10. Revenue Reserves

The authority maintains a number of revenue reserves. The balances on the reserves and the movements in the year are shown in the table below. Movements in the HRA, the General Fund Reserve and Other Revenue Reserves contribute to the authority's financial performance and are included in the Consolidated Revenue Account.

Collection Fund

The surplus cannot be used to fund expenditure and can only be used to reduce council tax. Where it has been so used, a distribution is made from the Collection Fund and included as income in the Consolidated Revenue Account. The Collection Fund Statement is shown on page 30.

Housing Revenue Account (HRA)

The authority's HRA was closed on 1 April 2005 and the balance transferred to the General Fund Reserve.

General Fund Reserve

These are amounts set aside to provide balances against unforeseen events and to assist cash flow management. All authorities are expected to maintain them at a prudent level.

Change Programme Reserve

In 2005-6 a net contribution of £2,892,000 was made from this reserve to provide for costs arising from the Council's Change Programme. The reserve is used to support budget initiatives and council revenue spending.

Renewal and Replacement Reserve

This provides funds to finance capital expenditure and to manage and optimise capital resources. The balance at 31 March 2006 is £13,032,000. Of this £1,460,000 is a working balance, the rest being held for specific purposes. The working balance acts as a contingency supporting the capital investment plan (in the same way that the General Fund balance supports revenue spending).

Markets Reserve

This reserve was created from the annual market surplus. Following a decision of the Executive in September 2003 it is currently used to fund capital investment in markets.

Exempt VAT Reserve

This is an amount set aside to meet the cost of VAT that the Council would not be able to recover should it exceed its partial exemption limit.

Schools Delegated Budget

Schools have underspent their delegated budgets by a net £14,112, 000. These sums have been carried forward to schools budgets in 2006-7 through this account in accordance with delegated arrangements.

Better Use of Budgets

Under the authority's financial regulations services are permitted to carry forward resources from one year to another to match their operational spending requirements.

Other Earmarked Reserves

These are held for services for specific purposes. The balance at 31 March 2006 includes reserves for building works (£2,479,000), Bradford I implementation (£2,678,000), avoidance of LATS penalties (£1,689,000) and also an earmarked amount of £1,545,000 in respect of schools non-domestic rate refunds.

Movements in Reserves

The table below shows the movements in reserves in 2005-6. The opening balances remain the same in total as the closing position reported in last year's accounts. However, they have been restated in three respects:

- The former HRA balance of £369,000 is now shown as part of the opening General Reserve balance
- The former distinction between General Fund and General Reserves has been removed and a single figure presented
- Some balances not required within Other Earmarked Reserves have been re-designated as the Managed Severance Reserve.

Movements in Revenue Reserves			
	Balance 31 March 2005 £000	Net Transfer In Year £000	Balance 31 March 2006 £000
Collection Fund	11,881	2,929	14,810
General Fund	11,668	3,225	14,893
Other			
Corporate Earmarked			
Change Programme	4,243	-2,892	1,351
Renewal and Replacement	24,641	-11,609	13,032
Markets	102	-12	90
Exempt VAT	2,000	0	2,000
Managed Severance	1,085	0	1,085
Service Earmarked			
Schools Delegated Budget	10,856	3,256	14,112
Neighbourhood Renewal	8	301	309
Better Use of Budgets	1,150	149	1,299
Other Earmarked	12,133	5,888	18,021
	56,218	-4,919	51,299
Total Revenue Reserves	79,767	1,235	81,002

Note 11. Usable Capital Receipts Reserve

Authorities are required to pay 75% of their housing capital receipts into a national pool. The authority was required to pay £232,000 to the pool in 2005-6 (£299,000 in 2004-5). A corresponding appropriation was made from the Usable Capital Receipts Reserve to fund the payment.

The usable balance of housing receipts and all other capital receipts are held in the Usable Capital Receipts Reserve until applied either to finance capital expenditure or to repay debt.

	2004-5	2005-6
	£000	£000
Balance at 1 April	20,232	0
Usable receipts in the year	11,709	25,427
Appropriation to Revenue Account re pooled housing receipts	-299	-232
Used to finance capital spending	-12,453	-13,000
Used for debt repayment	-19,189	-10,200
Balance at 31 March	0	1,995

Note 12. Capital Financing Account

The Capital Financing Account is maintained as a capital accounting requirement and is not a usable cash balance. It contains amounts set aside for debt repayment and amounts in respect of the financing of capital expenditure.

	2004-5	2005-6
	£000	£000
Balance at 1 April	626,297	656,403
Prior year adjustment (see Note 1)		7,398
Restated balance 1 April		663,801
Capital receipts set aside as provision for credit liabilities	19,189	10,200
Capital receipts applied to fund capital investment	12,453	13,000
Charge to revenue for the funding of capital investment	125	13,236
Transfer to revenue re the provision for the repayment of external loans	-1,583	-10,521
Write-down of long-term debtors	-78	-299
Balance at 31 March	656,403	689,417

Capital Receipts

Capital receipts used as provision for credit liabilities (to repay debt) or used to fund capital investment are transferred from the Capital Receipts Unapplied Account to the Capital Financing Account.

Revenue Financing of Capital Expenditure

Authorities are allowed to finance capital expenditure through their revenue accounts. The charge is made by an appropriation from the Consolidated Revenue Account to the Capital Financing Account.

Provision for the Repayment of External Loans

The minimum revenue provision to be made by the authority for the repayment of external loans in 2005-6 was £17,617,000 (£17,642,000 in 2004-5). The authority made an additional provision of £405,000 (nil in 2004-5) in respect of prudential borrowing. The total provision of

£18,022,000 (£17,642,000 in 2004-5) was made partly through amounts charged to services both for depreciation (net of deferred Government grants) and for deferred charges (see Note 27 on page 25). The balance of the required provision was made by an appropriation from the Consolidated Revenue Account to the Capital Financing Account.

	2004-5	2005-6
	£000	£000
Amount charged to services as depreciation	13,732	14,448
Amortised capital grants	-3,391	-8,242
Amounts (net of grants) charged to services for deferred charges	8,884	22,337
Transfer from the Capital Financing Account	-1,583	-10,521
Total charge to revenue	17,642	18,022

Note 13. Pension Costs

The Council participates in the Local Government Pension Scheme and the Teachers Pension scheme. These both provide members with defined benefits related to pay and service.

The Local Government Pension Scheme is a funded scheme for staff. The scheme is administered through a number of separate regional funds. Bradford is a member of the West Yorkshire Pension Fund. The authority and employees pay contributions into the fund, at a level determined by the fund's professionally qualified actuary at 31 March 2004 for the three years 1 April 2005 to 31 March 2008. The contribution rates set by the actuary are intended to balance the pensions liabilities with the investment asset over the period. The employer's rates also include provision towards the capitalised costs of early retirement for an average of 100 employees each year. The employer contribution rate for the year 2005-6 in respect of Bradford members of the West Yorkshire Pension Fund was 10.8%. The capitalised cost of early retirement in 2005-6 absorbed within the employer contribution rate of 10.8% was £2.443m (£1.059m in 2004-5). There were 65 early retirements (excluding ill-health early retirements) in 2005-6.

The Teachers Pension Scheme is an unfunded scheme administered by the Department for Education and Skills (DfES). The contribution rate is set by the DfES on the basis of a notional fund. The employer contribution rate for 2005-6 was 13.5%.

	2004-5 Costs		2005-6 Costs	
	£000	%	£000	%
Local Government Pension Scheme				
Employer contributions	16,630	9.8	19,836	10.8
Added years costs	3,142	1.85	3,290	1.80
Teachers Pension Scheme:				
Employer contributions	14,674	13.5	14,635	13.5
Added years costs	4,890	4.5	4,941	4.5

Financial Reporting Standard 17 (FRS 17)

Under FRS 17 authorities are required to:

- Recognise the cost of retirement benefits when they are earned by employees. This is the true cost of retirement benefits and is charged to the net cost of services. Current service costs are charged to individual services and costs relating to past service are shown as non-distributed costs.
- Recognise both the interest cost inherent in the scheme and the expected return on assets. These are charged to revenue within net operating expenditure.

To ensure that these true costs of retirement benefits do not have an impact on the level of council tax, the charges calculated in accordance with FRS 17 are reversed out of the Consolidated Revenue Account (CRA) through an appropriation from the pension reserve. The table below demonstrates the charges under FRS 17. The net amount to be met from government grants and council tax is the employer's contributions payable to the pension fund in the year.

Pension Costs Reported Under FRS17	Local Government Pension Scheme		Teachers' Voluntary Early Retirement Benefits		Total	
	2004-5 £000	2005-6 £000	2004-5 £000	2005-6 £000	2004-5 £000	2005-6 £000
Current service cost	27,835	32,285	0	0	27,835	32,285
Past service cost / gain (-)	1,180	-15,331	370	0	1,550	-15,331
Charged to net cost of services	29,015	16,954	370	0	29,385	16,954
Interest cost	54,478	57,764	3,871	3,808	58,349	61,572
Expected return on assets in the scheme	-52,881	-52,907	0	0	-52,881	-52,907
Charge to net operating expenditure	1,597	4,857	3,871	3,808	5,468	8,665
Contribution from (-)/to pension reserve	-10,839	1,315	649	1,133	-10,190	2,448
Net amount to be met from government grants and local taxation	19,773	23,126	4,890	4,941	24,663	28,067

Underlying Assets and Liabilities

A summary of the underlying assets and liabilities for both the Local Government Pension Scheme and teachers' voluntary early retirement benefits are set out below:

	Local Government Pension Scheme		Teachers' Voluntary Early Retirement Benefits		Total	
	2004-5 £m	2005-6 £m	2004-5 £m	2005-6 £m	2004-5 £m	2005-6 £m
Present value of scheme liabilities	1,067	1,236	73	75	1,140	1,311
Market value of assets	778	968	0	0	778	968
Pension Reserve Deficit	289	268	73	75	362	343

The assets and liabilities for retirement benefits attributable to the Local Government Pension Scheme have been assessed by the scheme's actuary, Mercer Human Resource Consulting Limited. The deficits represent the extent to which the scheme is unfunded. The impact on the authority of the need to make good the deficit by increasing contributions over the working life of employees was built into the latest full triennial valuation as at 31 March 2004.

The authority is also responsible for the costs of any compensatory added years benefits granted to teachers. The liabilities in respect of these payments have been calculated by the actuary, Mercer Human Resource Consulting Ltd, based on information provided by the authority. There are no assets to cover teacher's voluntary early retirement benefit liabilities.

The main financial assumptions used in the actuary's assessments are:

Local Government Pension Scheme	1 April 2005	31 March 2006
Financial assumptions		
Rate of inflation	2.9%	2.9%
Rate of increase in salaries	4.65%	4.65%
Rate of increase in pensions	2.9%	2.9%
Discount rate	5.4%	4.9%
Expected rate of return on assets		
Equities	7.5%	7.0%
Government bonds	4.7%	4.3%
Other bonds	5.4%	4.9%
Property	6.5%	6.0%
Cash/ liquidity	4.75%	4.50%
Other	N/A	7.0%

The same assumptions in respect of the rate of inflation, the rate of increase in pensions and the discount rate were used in the actuary's assessment of teachers' voluntary early retirement benefits.

Assets in the West Yorkshire Pension Fund are valued at fair value (principally market value for investments). The following table shows the value of each category of asset and expresses it as a percentage of the total value.

	1 April 2005		31 March 2006	
	£m	%	£m	%
Equities	582.4	74.9	715.4	73.9
Government bonds	82.4	10.6	66.8	6.9
Other bonds	15.6	2.0	46.4	4.8
Property	41.2	5.3	49.4	5.1
Cash/liquidity	56	7.2	60.0	6.2
Other	0	0%	30.0	3.1
Total	777.6		968.0	

Notes to the Main Financial Statements

The estimated pension net liability was £362m at 31 March 2005 and £343m at 31 March 2006. Of the movement of £19m, £17m reflects the impact of actuarial gains and losses. The table below sets out the changes and expresses each as a percentage of the overall level of assets or liabilities, as appropriate.

Local Government Pension Scheme	2002-3		2003-4		2004-5		2005-6	
	Gain/ Loss (-)	% of Total asset / liability	Gain/ Loss (-)	% of Total asset / liability	Gain/ Loss (-)	% of Total asset / liability	Gain/ Loss (-)	% of Total asset / liability
	£000		£000		£000		£000	
Gain or loss (-) on the difference between expected and actual return on assets	-220,980	34.7%	102,255	13.2%	46,452	6.0%	141,301	14.6%
Gain or loss (-) on the difference between actuarial assumptions on liabilities and actual experience	0	0	0	0	-54,260	5.1%	-23,719	1.9%
Gain or loss (-) on changes in demographic and financial assumptions affecting the estimation of liabilities	0	0	0	0	-177,624	16.6%	-96,973	7.8%
Total	-220,980	34.7%	102,255	13.2%	-185,432	17.4 %	20,609	1.7%

Teacher's Voluntary Early Retirement Benefits	2002-3		2003-4		2004-5		2005-6	
	Gain/ Loss (-)	% of Total asset / liability	Gain/ Loss (-)	% of Total asset / liability	Gain/ Loss (-)	% of Total asset / liability	Gain/ Loss (-)	% of Total asset / liability
	£000		£000		£000		£000	
Gain or loss (-) on the difference between expected and actual return on assets	0	0	0	0	0	0	0	0
Gain or loss (-) on the difference between actuarial assumptions on liabilities and actual experience	0	0	1,537	2.4%	-915	1.3%	0	0
Gain or loss (-) on changes in demographic and financial assumptions affecting the estimation of liabilities	0	0	0	0	-7,921	10.9%	-3,507	4.7%
Total	0	0	1,537	2.4%	-8,836	12.1%	-3,507	4.7%

Note 14. Members' Allowances

The total amount paid in respect of members' allowances in 2005-6 was £1,578,000 (£1,551,000 in 2004-5).

Note 15. Employees' Emoluments

Authorities are required to disclose information on employees' emoluments. Remuneration, which excludes employer and employee pension contributions, is defined in the regulations as:

- All amounts paid to or receivable by an employee
- Expense allowances chargeable to tax
- The estimated money value of any other benefits received by an employee otherwise than in cash

The number of employees whose remuneration excluding pension contributions was £50,000 or more is as follows:

Employees' Emoluments		No of Employees	
		2004-5	2005-6
£50,000 -	£59,999	96	103
£60,000 -	£69,999	23	33
£70,000 -	£79,999	16	10
£80,000 -	£89,999	7	12
£90,000 -	£99,999	6	2
£100,000 -	£109,999	3	2
£110,000 -	£119,999	2	2
£120,000 -	£129,999	-	2
£130,000 -	£139,999	-	3
£140,000 -	£149,999	-	-
£150,000 -	£159,999	1	-

Note 16. Section 137, Local Government Act 1972

This legislation empowers local authorities to make contributions to certain charitable funds, not-for-profit bodies providing a public service in the United Kingdom and mayoral appeals.

In 2005-6 the Council made contributions of £20,000 to the British Red Cross and £20,000 to London Bombings Relief Charitable Fund.

Note 17. Income and Expenditure under the Local Authority (Goods and Services) Act 1970.

The Act authorises local authorities to supply goods and professional and technical services to other public bodies. The Council's income from these services amounted to £711,000 (£732,000 in 2004-5) and the related expenditure was £706,000 (£727,000 in 2004-5). The 2004-5 figures have been increased to reflect additional income and expenditure identified.

Note 18. Publicity Expenditure

The Local Government Act 1986 requires the Council to keep a separate account of its expenditure on publicity. The total expenditure included in the accounts was:

Publicity Expenditure	2004-5	2005-6
	£000	£000
Staff recruiting and property advertising	2,463	2,025
Publicity and promotional services	2,024	2,150
Total	4,487	4,175

Note 19. External Audit Costs

Fees paid to the authority's external auditors for services carried out, including the audit of the pension fund, were:

External Audit Costs	2004-5 £000	2005-6 £000
Fees payable under the Audit Commission Act 1998 for:		
General audit services	382	387
Certification of grant claims and returns	125	186
Special Projects	0	47
Fees payable to the audit commission in respect of statutory inspection	55	28
Audit of West Yorkshire Pension Fund	34	34
Total	596	682

Note 20. Agency Services

The Council undertakes certain revenue and capital works on an agency basis for which it is fully reimbursed. The expenditure is not included in the accounts since it is not part of the Council's normal responsibilities. In 2005-6 the Highways Agency reimbursed the Council a net £538,553 (£601,000 in 2004-5) for residual improvements.

Note 21. Arrangements Under Section 31 of the Health Act 1999

Community Equipment Service

The Council in association with Airedale, South and West, North and City Primary Care Trusts entered into a formal pooled budget arrangement for this service from April 2004. A summary of contributions and expenditure is shown below.

Pooled Fund Memorandum Account	2004-5 £000	2005-6 £000
Funding		
Bradford Metropolitan District Council	975	1,003
Airedale Primary Care Trust	262	265
North Bradford Primary Care Trust	172	175
South and West Bradford Primary Care Trust	232	235
Bradford City Primary Care Trust	314	318
Total Funding	1,955	1,996
Expenditure		
Community equipment	1,487	1,414
Staffing	346	437
Infrastructure and running costs	122	145
Total Expenditure	1,955	1,996

Mental Health and Learning Disability Services

The agreement that established the Bradford District Care Trust was set up under Section 31. The Trust is responsible under the agreement for the provision of the defined services on behalf of the Council as its agent and within the funding provided. The operating expenses of the Trust in 2005-6 were £110.295m (£104.031m in 2004-5). The council's contribution in 2005-6 was £19.606m (£ in 2004-5).

Note 22. Related Party Transactions

Authorities are required to disclose transactions between themselves and related parties. In this context related parties are individuals or bodies who have the potential to influence or control the Council or to be influenced or controlled by the Council. The following information is provided.

Central Government

The Government provides the statutory framework within which the council operates, provides the majority of council funding in the form of grants and prescribes the terms of many of the transactions the council has with other parties. Details of Government grants are set out in the Cash Flow Statement (page 15).

Members and Chief Officers

The register of members' interests has been examined and reveals no matters for disclosure. The register is held by the Member Support Section within City Hall, Bradford and is available for public inspection upon application.

Chief officers were requested to complete a voluntary declaration of any relevant transactions with the authority or between the authority and third parties with which they have some relationship. This resulted in there being no material transactions to disclose.

West Yorkshire Pension Fund

The Council administers the West Yorkshire Pension Fund. In 2005-6 it charged the Fund £519,000 in respect of support services provided (£541,000 in 2004-5). The charge includes accommodation, financial, legal and information technology services.

Other Public Bodies

Transactions with precepting authorities, joint committees and other related bodies in the year were:

	2004-5 £000	2005-6 £000
Payment of precepts:		
West Yorkshire Fire and Civil Defence Authority	5,669	6,019
West Yorkshire Police Authority	13,903	14,753
Parish Councils	449	497
Payments to joint committees, joint services and other bodies	16,017	16,988
Royds Community Association	376	0
Parish Councils (running expenses)	36	5

Subsidiary and Associated Companies

The Council had financial relationships in 2005-6 with the following companies. Their assets and liabilities are not included in the Council's accounts. Transactions with the companies in 2005-6 were:

	2004-5 £000	2005-6 £000
Leeds Bradford International Airport Limited	-312	-218
Bradford City Centre Urban Regeneration Company Limited	465	400
Bradford Bovis Social Partnership Limited	1	-1

Details of the Council's investment in Leeds Bradford International Airport Limited are shown in Note 28.

Bradford City Centre Urban Regeneration Company Limited (BCR) is a company limited by guarantee that was incorporated in February 2003, registered with Companies House No 04654938. The company is a government designated Urban Regeneration Company with the aim of facilitating the regeneration of Bradford city centre. The company is funded equally the Council, Yorkshire Forward and English Partnerships. The financial accounts of BCR can be obtained from Department of Finance, Britannia House, Hall Ings Bradford BD1 1HX. For 2005-6 they show a net loss before and after tax of £108,943. This includes a prior year adjustment of £167,000 in respect of FRS 17 pension liabilities. (2004-5 £127,968 loss restated for FRS17) and net liabilities of £108,911(2004-5 £166,968, restated for FRS17).

Bradford Bovis Social Partnership Limited was a joint venture company established in 1996 to stimulate the economic, social and environmental regeneration of the Bradford area. It was wound up at 31 March 2006. BBSP was 50% owned by the Council and 50% by Bovis Urban Renewal Limited. The final financial accounts of BBSP can be obtained from Department of Finance, Britannia House, Hall Ings Bradford BD1 1HX. For 2005-6 they show profit before and after tax of £1,512 (2004-5 £260) and net assets distributed to shareholders of £1,512.

In addition to the above, the Council is involved in a number of other partnerships and companies limited by guarantee. The authority does not have significant influence over these organisations.

More information about the Council's interests in associated companies is included in the Notes to the Group Financial Statements on page 41.

Note 23. Tangible Fixed Assets

Valuations

Operational and non-operational assets have been valued by Nigel Gillatt MRICS and other similarly qualified officers of the Council's Department of Asset Management, in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors, except that not all properties were inspected. (This was not considered by the valuer to be necessary for the purposes of the valuation.) Operational properties were valued on the basis of open market value for the existing use or, where this could not be assessed because there was no market for an asset, the depreciated replacement cost. Non-operational properties were valued on the basis of open market value. Infrastructure assets and vehicles, plant and equipment are held at historic cost.

	Other Land and Buildings £000	Vehicles, Plant and Equipment £000	Infra-structure Assets £000	Community Assets £000	Investment and Non Operational £000	Total £000
Certified valuation at 31 March 2005	473,712	15,770	154,125	25,838	111,917	781,362
Accumulated depreciation and impairment	14,277	6,902	25,088	0	2	46,269
Net book value at 31 March 2005	459,435	8,868	129,037	25,838	111,915	735,093
Reclassification of assets	1,578	0	9	-203	-1,384	0
Additions	39,600	4,968	13,309	483	853	59,213
Disposals	-813	0	0	-15	-17,271	-18,099
Revaluations and adjustments	165,655	0	0	0	5,766	171,421
Depreciation for year	-6,119	-3,470	-4,859	0	0	-14,448
Net book value at 31 March 2006	659,336	10,366	137,496	26,103	99,879	933,180

Information on Assets Held

Assets held on the register include the following:

Asset Information	Number held at 31 March	
	2005	2006
Other land and buildings		
Nursery schools	7	7
Primary schools	159	159
Secondary schools	28	28
Special schools	12	11
Car parks	99	97
Cemeteries and crematoria	26	26
Industrial units and workspaces	58	58
Libraries	20	20
Museums	5	5
Public halls	13	13
Recreation grounds	168	168
Recreation centres (including swimming pools)	13	13
Theatres	3	3
Youth centres	17	17
Children's homes	6	6
Elderly persons' homes	15	14
Centres for people with learning difficulties	34	34
Infrastructure assets		
Roads	1,626 km	1,626 km
Community assets		
Parks and open spaces	108	108
Non operational	1,310	1,293

Note 24. Intangible Fixed Assets

Intangible fixed assets are assets over which the Council controls access to future economic benefits, whether through custody or legal protection. The Council spent £8,671,549 in 2005-6 on intangible assets. These are computer software licences, development and implementation costs.

Note 25. Capital Expenditure and Financing

	2004-5 £000	2005-6 £000
Opening Capital Financing Requirement	451,885	437,947
Prior year adjustments (see Note 1)		
Fixed Asset Restatement Account		8,065
Capital Financing Account		-7,398
Restated Opening Capital Financing Requirement	438,614	
Capital Investment:		
Fixed and intangible assets	68,862	67,885
Deferred charges	13,030	27,567
Sources of Finance:		
Capital receipts	-31,641	-23,200
Grants and other contributions	-46,421	-39,673
Revenue provision	-17,768	-31,257
Closing Capital Financing Requirement	437,947	439,936
The movement in the year reflects an underlying need to increase or decrease (-) borrowing:		
Borrowing supported by Government financial assistance	-15,055	-4,873
Borrowing not supported by Government financial assistance	1,117	6,195
Total Movement	-13,938	1,322

Note 26. Capital Commitments

The Council has an approved 5-year capital investment plan, details of which may be found in a separate publication. Major schemes that are contractually obliged or committed are detailed below.

	£000
Special Schools Reorganisation	15,257
Secure Schools	10,271
Schools Formula Grant	10,420
Replacement of vehicles	12,000
Manywells Landfill Remediation	5,693
Schools Modernisation Grant	6,160

Note 27. Deferred Charges

These are payments of a capital nature where no fixed asset is created, mainly grants made to individuals or organisations for capital purposes, such as improvement grants. In 2005-6 they also include £13m for the creation of a provision for equal pay claims under single status (see Note 6 on page 17).

There was no balance brought forward at the start of the year. The cost of deferred charges in the year was £27,567,000 (£13,030,000 in 2004-5) and grants of £5,230,000 (£4,146,000 in 2004-5) were used to fund the deferred charges. The net cost of £22,337,000 (£8,884,000 in 2004-5) was written off to revenue in the year and charged to the net cost of services. The net amount charged to revenue in respect of deferred charges forms part of the provision for the repayment of external loans (see Note 12 on page 19). No balance was carried forward in respect of deferred charges.

Deferred Charges	Grants £000	Other £000	Total £000
Expenditure	5,576	21,991	27,567
Grant funding	1,274	3,956	5,230
Net amount charged to service revenue accounts	4,302	18,035	22,337

Note 28. Long Term Investment

This represents the Council's interest in Leeds Bradford International Airport Ltd. The Council has a 40% interest, holding £6.0m of the total issued share capital of £15m. In the event that the airport should cease trading the authority would receive 40% of the assets. There is no liability for losses. The principal activity of the company is the operation of a regional and international airport. The financial accounts of the airport can be obtained from Leeds Bradford International Airport, Leeds, LS19 7TU (Tel. 0113 250 9696).

When the Council's accounts were approved the following financial information for 2005-6 was subject to final board approval.

Profit before tax £788,000 (£881,000 in 2004-5)
 Profit after tax £571,000 (£873,000 in 2004-5)
 Assets £34,187,000 (£31,071,000 in 2004-5), before dividend

Note 29. Long Term Debtors

These represent the value of long term advances granted by the Council.

The £904,000 due from Wakefield MDC in respect of the former Waste Management arrangements is being repaid at £100,000 per annum over an original period of 15 years (starting in 2000-1). See also Note 39 on page 28.

The amount in respect of car loans in 2004-5 included some loans falling due for repayment within twelve months. In 2005-6 such loans have been included in debtors.

	31 March 2005 £000	31 March 2006 £000
	Analysis of Long Term Debtors	
Advances in respect of the following are outstanding:		
Former council house tenants	1,229	892
Housing advances	243	15
Leeds Bradford Airport Debenture	674	603
Waste Management SSA	1,004	904
Car loans	2,895	2,612
Other	34	34
Total	6,079	5,060

Note 30. Deferred Premiums

From time to time the authority undertakes debt rescheduling, making early repayments of long-term loans and replacing them with lower rate borrowing. Premiums paid on early repayment are charged to revenue over the life of the replacement loans. The balance not yet charged to revenue is shown in the balance sheet as a deferred premium.

Premiums of £7,048,000 were paid in respect of the early repayment and replacement of loans in 2005-6.

Deferred Premiums	2004-5 £000	2005-6 £000
Balance brought forward	309	7,210
Costs incurred in the year	7,128	7,048
Charged to revenue in the year	227	825
Balance at the year end	7,210	13,433

Note 31. Net Current Assets

Stocks and Work in Progress	31 March 2005 £000	31 March 2006 £000
Stocks:		
Trading services	236	260
Other	922	883
Work in Progress:		
Trading services	19	0
Total	1,177	1,143

Landfill Usage Allowance

In 2005-6 Bradford was allocated an allowance to landfill 162,134 tonnes of biodegradable municipal waste (BMW). £266,000 is the attributable value of unused credits under the Landfill Allowance Trading Scheme (LATS).

Debtors and Payments In Advance

Analysis of Debtors and Payments in Advance	31 March 2005 £000	31 March 2006 £000
Amounts falling due within one year		
Former housing tenants' rent arrears	348	178
Government departments	19,821	22,138
Other local authorities	342	120
Customs and Excise	1,045	407
Inland revenue	29	26
Council tax/ community charge/ non-domestic ratepayers	16,568	16,265
Sundry	41,362	35,117
Total	79,515	74,251
Less provision for bad and doubtful debts		
Collection Fund	5,508	5,342
Housing rents	348	178
Other	5,174	4,417
Net Total	68,485	64,314

Investments

At any point in time the cash flow of the authority can result in temporary cash balances which are put into short-term investments.

Cash

The balance sheet shows cash in hand of £44,513,000 and cash overdrawn of £15,637,000 giving a net cash figure of £28,876,000 in hand at 31 March 2006 (£45,115,000 at 31 March 2005). This takes account of the value of cheques and BACS issued but not cleared.

As part of its management of cash balances the authority has made arrangements to invest surplus cash with ready access. At 31 March 2006 the authority had invested £9m on this basis (£16.7m at 31 March 2005).

Creditors and Receipts in Advance

Analysis of Creditors and Receipts in Advance	31 March 2005 £000	31 March 2006 £000
Amounts falling due within one year		
Government departments	7,197	9,811
Other local authorities	559	971
Inland Revenue	8,483	5,452
Customs and Excise	2	33
Staff payroll	5,722	6,742
Developers contributions	3,209	3,923
Sundry	64,405	68,818
Total	89,577	95,750

In 2005-6 monies provided by developers for agreed future maintenance of specific recreation and highway schemes have been reclassified as receipts in advance. (See Note 33.)

Note 32. Long Term Borrowing

The following is an analysis of amounts owed to lenders at the year-end.

Long Term Borrowing	Interest Rate Range %	Total outstanding at 31 March	
		2005 £000	2006 £000
Source of Loan:			
Public Works Loan Board	3.7 to 10.25	404,448	403,419
Commercial Bank	3.2 to 4.5	18,700	36,200
		423,148	439,619
Analysis of loans:			
Maturing in 1 - 2 years		12,401	15,326
Maturing in 2 - 5 years		37,586	33,658
Maturing in 5 - 10 years		72,725	107,298
Maturing in 10 - 15 years		113,133	72,108
Maturing in more than 15 years		187,303	211,229
		423,148	439,619
Debt transferred to other authorities		-766	-708
Net Total		422,382	438,911

Note 33. Provisions

As a result of developer contributions being reclassified as receipts in advance, the provisions balance at the 31 March 2005 has been reduced by £3,209,000. See Note 31 on page 26.

Movements in Provision Balances			
	31 March	Net	31 March
	2005	Transfers	2006
	£000	£000	£000
Equal Pay Claims	0	13,000	13,000
Insurance	5,619	1,200	6,819
Mental Health Act	117	-117	0
Other	412	-249	163
Total	6,148	13,834	19,982

Equal Pay claims (Single Status) - Implementation of the 1997 Single Status Agreement between local authority employers and unions involves the review, job evaluation and harmonisation of former officer and former manual worker terms and conditions. It will lead to the possibility of compensation claims under equal pay legislation (claims can cover a period of up to six years). The authority will seek to negotiate a settlement of these potential claims and settlement is expected to take place in 2006-7. As a liability exists at 31 March 2006, Financial Reporting Standard 12 requires that provision be made for the cost.

Insurance – The provision bears the risk of losses as an alternative to providing insurance cover through external insurance companies. The main areas provided for are:

Analysis of Insurance Provision at 31 March		
	2005	2006
	£000	£000
Property	293	289
Liability	5,035	6,152
Motor	289	377
Other	2	1
Total	5,619	6,819

Mental Health Act - Consequent to a High Court decision in 1999, relating to four other local authorities, Social Services no longer raise charges for service users receiving care under S117 of the Mental Health Act 1983. In 2005-6 repayments of £81,000 were made to clients in respect of charges made before their abolition. The balance of £36,000 was transferred to an earmarked reserve.

Note 34. Deferred Liabilities

The main liability is in respect of former West Yorkshire Waste Management Joint Committee debt. This is managed on the authority's behalf by Wakefield MDC. The deferred liability outstanding at 31 March 2006 was £6,144,243 (£6,400,253 at 31 March 2005).

Other, smaller deferred liabilities relate in the main to amounts received by the Council from contractors under the terms of specific contracts. They will be either repaid to the contractor upon satisfactory completion of the works or used to make good any defects.

Note 35. Total Equity

The total assets less liabilities of the authority are financed by movements in reserves and balances, or equity. There was an increase in total equity of £227,480,000, from £17,054,000 at 31 March 2005 to £244,534,000 at 31 March 2006. This movement is explained in the Statement of Total Movements in Reserves on page 14.

Note 36. Contingent Liabilities and Assets

The authority has potential liabilities in respect of certain outstanding matters.

Housing Benefit Grant Funding

Funding arrangements for housing benefit payments changed in 2004-5. Previously an element was funded through formula grant but all costs are now claimed through specific grants. There is potential for authorities to gain or lose through the changes. The Department for Works and Pensions has therefore announced a limitation scheme to guarantee that no authority loses by more than 0.5%. The cost of that guarantee is to be met by limiting the gains of other authorities. Bradford is in an unusual position in that the effects of stock transfer still working their way through the figures make Bradford an apparent gainer and some of that apparent gain may therefore be clawed back. The potential clawback cannot be quantified at this time. However, the Council does have an earmarked reserve to deal with such changes in the complex benefits funding arrangements. The reserve had a balance of £400,000 at 31 March 2006.

Mental Health Act Section 117 1983

Authorities face potential liabilities in respect of claims made by clients for the reimbursement of care charges previously made under this Act. The liabilities could be substantial, although the level and timing of claims cannot be predicted. The authority has set aside an earmarked reserve of £536,000 to cover the cost of any claims.

Pension Cases

Currently there are 60 ongoing employment tribunal cases that have been brought by part time staff relating to pension rights which was the subject of a House of Lords' judgement. It is currently not possible to quantify the financial cost to the authority or the timescale in which these cases will be completed.

Asset Management Project

In view of the investigation into the management of the procurement process, it is possible that one or more of the bidders may seek financial redress from the authority. The outcome of the investigation and possible decisions arising from this event are uncertain, as is the likelihood and level of any potential cost.

Arrangements with the Bradford District Care Trust

The authority has joint arrangements for the provision of mental health and learning disabilities services by the Care Trust. There was an overspending on these services by the Care Trust in 2005-6. In view of the deficit the future of the agreement will be subject to a detailed review. As part of that review any outstanding deficit, including any amounts carried forward from 2005-6 by the Care Trust, may need to be addressed by the current partners.

Note 37. Authorisation for the Issue of the Statement of Accounts

The Interim Finance Director authorised the issue of the Statement of Accounts on 27 June 2006 for consideration by the Executive and submission for approval by the Audit and Staffing Committee on 28 June 2006.

Note 38. Fixed Asset Restatement Account

The balance represents the difference between the valuation of assets held on the asset register and the historic cost of acquiring and enhancing fixed assets.

	2004-5 £000	2005-6 £000
Balance at 1 April	443,265	468,127
Prior year adjustment (see Note 1)		8,065
Restated balance at 1 April		476,192
Unrealised gains from revaluation of fixed assets	16,440	-174,642
Value of assets sold	8,422	17,590
Balance at 31 March	468,127	319,140

Note 39. Deferred Income

This is income due from Wakefield MDC in respect of the former West Yorkshire Waste Management arrangements. Under an agreement that started in 2000-1 the balance due is being repaid at £100,000 per annum over 15 years. The sum outstanding at 31 March 2006 was £904,000. See also Note 29 on page 25.

Note 40. Deferred Capital Receipts

This amount is the sum outstanding on Council property sales which falls due in future years.

Note 41. Government Grants Deferred

These are capital grants used to finance the purchase or enhancement of the authority's fixed assets. The amount on the account is written down as the associated assets are depreciated.

	2004-5 £000	2005-6 £000
Balance brought forward	88,515	109,788
Grants deferred in the year	24,664	31,221
Disposals	0	-510
Amounts released re depreciated assets	-3,391	-8,242
Balance at the year end	109,788	132,257

Note 42. Reconciliation of the Surplus on Revenue Accounts to Revenue Activities Net Cash Flow

	2004-5 £000	2005-6 £000
Reconciliation of the Surplus on Revenue to Revenue Activities Net Cash Flow		
Net surplus for year on General Fund, HRA and collection fund	8,153	6,154
Items on accruals basis:		
Increase in stocks	-111	-232
Increase in amounts due to Council	-16,395	-2,073
Decrease in amounts due from Council	-5,429	-1,138
Items classified elsewhere on the cash flow statement:		
Interest paid	30,475	31,626
Interest received	-3,484	-4,972
Deferred charges	8,884	22,337
Non cash items:		
Contributions to reserves and movements on provisions	10,137	17,604
Revenue activities - net cash flow	32,230	69,306

Note 43. Other Government Grants

The main categories of government grants shown in the cash flow statement are:

	2004-5 £000	2005-6 £000
Other Government Grants		
Education and schools	91,848	86,985
Council tax benefit and benefits administration	32,176	33,744
Supporting People	20,829	19,889
Personal social services	17,739	15,744
Neighbourhood renewal	9,812	10,624
Early years	4,554	9,030
Childrens Fund	2,788	2,602
Arts, Heritage & Leisure	1,336	2,388
Mental illness	1,971	2,275
Drug Intervention Programme	0	2,053
Social services carers	1,198	1,768
European Union	2,215	1,677
LABGI	0	1,544
Health education	1,374	1,215
Employment	561	1,094
Safer communities	2,513	960
Single Regeneration Budget	673	856
Youth training	584	448
Asylum accommodation	234	260
Adult education	1,162	254
Invest to save	367	99
Other	228	199
Total	194,162	195,708

Note 44. Reconciliation of Net Cash Flow to the Movement in Net Debt

Reconciliation of Net Cash Flow to the Movement in Net Debt	Movement 2005-6 £000
Decrease in net cash in the period	-16,239
Cash flow changes	
Cash inflow from an increase in debt	-19,152
Increase in liquid resources	55,000
Movement in net debt in the period	19,609

Note 45. Analysis of Changes in Net Debt.

Analysis of Changes in Net Debt	Balance 31 March 2005 £000	Change £000	Balance 31 March 2006 £000
Cash in hand	46,905	-2,392	44,513
Cash overdrawn	-1,790	-13,847	-15,637
Debt due within one year	-14,951	-2,623	-17,574
Debt due after more than one year	-422,382	-16,529	-438,911
Management of liquid resources - short term investments	50,300	55,000	105,300
Net Debt	-341,918	19,609	-322,309

Note 46. Trust Funds and Custodial Money

The Interim Finance Director acts as treasurer to approximately 60 funds (inclusive of 17 sole trustee charities), held in trust for such purposes as maintenance grants, travel scholarships and book prizes, or for the benefit and care of particular client groups. The fund balances are invested in managed funds, local authority bonds, gilt edged securities and deposit accounts. £41,059 is also held on behalf of clients who are in residential care. They do not represent assets of the Council and are not included in the consolidated balance sheet.

Analysis of Trust Funds and Custodial Money Balances	Balance at 31 March 2005 £	Expenditure £	Income £	Balance at 31 March 2006 £
Education charities:				
Charles Semon Educational Foundation	464,384	4,103	12,581	472,862
Semon Home	165	630	465	0
Salt Foundation	229,608	75,484	123,724	277,848
Bradford area	433,402	16,982	23,607	440,027
Keighley area	424,717	110,887	16,745	330,575
Housing charities	66,056	13,614	9,603	62,045
Blind Charities	173,175	0	17,663	190,838
	1,791,507	221,700	204,388	1,774,195

For those Trust Funds where the authority acts as sole trustee and which at 31 March 2006 had net assets of over £50,000, further details regarding the purpose of the charity and its financial performance are set out below.

Trust Fund and Charity Registration Number	Purpose	Net increase in funds in 2005-6 £	Balance at 31 March 2006 £
Charles Semon Educational Foundation (1095912)	Promote the education of young people under 25 in need of financial assistance	8,478	472,862
King George's Field Keighley (514349)	Provision and maintenance of King George's Field recreation ground	-92,780	302,709
Royd House Wilsden (700025)	Maintenance of Royd House and grounds for the perpetual use by the public	2,843	111,562
Peel Park (523509)	Maintenance, repair and improvement of land and buildings belonging to the charity	3,494	84,877

There is a statutory requirement for billing authorities to maintain a separate Collection Fund showing the transactions in respect of non-domestic rates and council tax and the way in which these have been distributed to preceptors and the General Fund. Although a separate income and expenditure account is required, the Collection Fund balances are consolidated into the Council's Consolidated Balance Sheet.

Collection Fund		2004-5	2005-6
		£000	£000
Income			
Due from council tax payers (excluding benefits)	<i>Note 1</i>	121,310	127,456
Due in respect of council tax benefits		27,533	28,687
Due from business ratepayers	<i>Note 2</i>	105,829	105,778
Community charge previous years' adjustment	<i>Note 3</i>	1	1
Total income		254,673	261,922
Expenditure			
Precepts			
Bradford Council		124,519	130,983
West Yorkshire Fire and Civil Defence Authority		5,669	6,019
West Yorkshire Police Authority		13,903	14,753
Business rate			
Payment to national pool	<i>Note 2</i>	105,040	105,011
Costs of collection		789	767
Council tax write-offs		1,439	1,571
Contribution from provision for losses on collection	<i>Note 4</i>	-272	-111
Total Expenditure		251,087	258,993
Net increase in the fund balance		3,586	2,929
Balance at beginning of year		8,295	11,881
Collection Fund balance at end of year	<i>Note 5</i>	11,881	14,810

Note 1. Council Tax

Council tax income is generated from charges raised on residential properties. Each domestic property is assigned to one of eight bands A-H depending on its capital value. Properties in higher bands are charged more, although the charges may be reduced by council tax benefit and/or single occupier discount.

Properties in the middle band D, were charged at £1,101.11 in 2005-6 (£1,057.78 in 2004-5) to cover the precepts of the three authorities. This figure does not include any precepts for Parish/Town Councils.

Council Tax Base				
Band	Number of chargeable dwellings 2005-6	Multiplier	2004-5 Band D Equivalent	2005-6 Band D Equivalent
A*	93	5/9	57	52
A	69,938	6/9	46,501	46,625
B	34,968	7/9	26,968	27,197
C	31,780	8/9	28,060	28,249
D	13,698	9/9	13,407	13,698
E	10,047	11/9	12,126	12,279
F	4,754	13/9	6,818	6,867
G	3,150	15/9	5,167	5,250
H	207	18/9	410	414
Total Band D equivalent			139,514	140,631
Adjustment for estimated losses on collection			3,294	2,811
Council Tax Base			136,220	137,820

Note 2. Business Rates

The Council collects business rates (non-domestic rates) for its area. The rate in the per pound of rateable value is set by central government. From 1 April 2005, there are two multipliers, the small business non-domestic rating multiplier 41.5p, which is applicable to those that qualify for the small business relief; and the non-domestic rating multiplier 42.2p which includes the supplement to pay for small business relief. In 2004-5 the single multiplier was 45.6p. The total amount, less certain reliefs and deductions, is paid to a central pool managed by the government, which then redistributes the money to the General Funds of all precepting authorities on the basis of a fixed amount per head of population. Bradford's share of the pool for 2005-6 was £159.2m (£132m in 2004-5). The business rates income, after reliefs and provisions, was based on an average rateable value for the Council's area of £290,734,270 for 2005-6 (£293,373,505 for 2004-5).

Note 3. Community Charge

Community charge ceased on 31 March 1993. Any arrears collected are available to reduce council tax in subsequent years.

Note 4. Provision for Council Tax Bad Debts

The bad debt provision for council tax at 31 March 2006 was £5,038,000 (£5,149,000 at 31 March 2005).

Note 5. Fund Balance

The accumulated surplus on the Collection Fund is attributable to amounts which are deemed to be collectable but of which a substantial amount has not yet been collected.

Collection Fund Balance	2004-5	2005-6
	£000	£000
Community Charge		
Surplus b/fwd 1 April	108	109
Surplus in year	1	1
Accumulated surplus c/fwd	109	110
Council Tax		
Surplus b/fwd 1 April	8,187	11,772
Surplus in year	3,585	2,928
Accumulated surplus c/fwd	11,772	14,700
Accumulated surplus on Fund at 31 March	11,881	14,810

The statutory position is for any surplus or deficit on the Collection Fund to be used as an adjustment to the council tax in future years when the cash is collected.

Fund Account		2004-5	2005-6
		£000	£000
Contributions and Benefits			
Contributions receivable	<i>Note 4</i>	211,166	241,078
Transfers in		85,344	99,582
Other income		1	2
Non-statutory pensions and pensions increases recharged		18,252	18,403
Income total		314,763	359,065
Benefits payable	<i>Note 5</i>	205,236	216,314
Non-statutory pensions and pensions increase		18,252	18,403
Refund of contributions		1,559	932
Transfers out		23,968	26,354
Administrative and other expenses borne by the scheme		4,351	4,191
Expenditure Total		253,366	266,194
Net additions from dealings with members		61,397	92,871
Returns on investments			
Investment income	<i>Note 7</i>	155,056	183,511
Change in market value of investments (realised and unrealised)	<i>Note 6</i>	435,487	1,188,664
Stock Lending	<i>Note 8</i>	1,013	955
Underwriting commission	<i>Note 8</i>	9	1
Investment management expenses		-1,191	-1,251
Net return on investments		590,374	1,371,880
Net increase in the fund during the year		651,771	1,464,751
Opening net assets of the scheme		4,563,266	5,215,037
Closing net assets of the scheme		5,215,037	6,679,788

Net Assets Statement		31 March 2005	31 March 2006
		£000	£000
Investments			
	<i>Note 6</i>		
Fixed interest securities		410,201	440,577
Equities (including convertible shares)		3,568,184	4,612,783
Index-linked securities – UK quoted		232,610	267,556
Managed and Unitised funds		573,994	904,822
Other – sterling deposits		367,700	390,294
Accrued purchases		-1,052	-4,099
Accrued sales		7,346	1,584
Investments at market value 31 March		5,158,983	6,613,517
Current assets and liabilities			
Debtors	<i>Note 9</i>	54,649	63,679
Creditors	<i>Note 9</i>	-2,556	-3,963
Cash in hand *		3,961	6,555
Net current assets and liabilities		56,054	66,271
Net assets of the scheme at 31 March		5,215,037	6,679,788
* This figure takes account of cheques drawn but not presented, the balance on the bank account at 31 March 2006 was £3,755,844			

Note 1. Operations and Membership

The West Yorkshire Pension Fund (WYPF) provides for the payment of defined pension benefits to members or their dependants, from participating employers. It publishes its own detailed report and accounts document, which is available from the Interim Finance Director.

Legal Status – It is a statutory scheme and the benefits are paid out under the provisions of the Local Government Pension Scheme Regulations as amended. Contributing members are contracted out of the State Earnings Related Pension Scheme. Exempt approval has been granted by HM Revenue and Customs for the purposes of the Income and Corporation Taxes Act.

Management – The West Yorkshire Pension Joint Advisory Group is responsible for advising on the administration of the Fund. The group is made up of three elected members from each of the five West Yorkshire MDCs. The Investment Advisory Panel is responsible for advising on the investment of the Fund and comprises two elected members from each of the five West Yorkshire Metropolitan District Councils, three trade union representatives, two city advisors, Assistant Chief Executive (Policy and Corporate Support) of Bradford, and one District Director of Finance on a rotational basis.

Participating Employers – There were 181 participating employers at 31 March 2006 whose employees were entitled to be contributors to the Fund.

Membership – Membership totalled 197,011 on 31 March 2006, made up of 92,487 active members, 53,287 pensioner members (including widows' and children's pensions) and 51,237 members with preserved pensions.

Note 2. Actuary's Report

An actuarial valuation of the Fund was carried out as at 31 March 2004. The valuation showed that the Fund was in deficit in that the value of the Fund's assets represented 82% of the Fund's accrued liabilities at the valuation date. The Fund's net assets had a market value of £4,563m at the time of valuation.

The valuation also showed that a common rate of contribution of 10.2% of pensionable pay per annum was required from employers. The common rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The common rate is then adjusted to have regard to the individual circumstances of each employer. As a result of the valuation, contribution certificates have been prepared for the three years commencing 1 April 2005. The contribution rates have been calculated using the projected unit actuarial method and the main actuarial assumptions were as follows:

Actuarial Assumptions	For past	For future
	Service Liabilities	Service Liabilities
	%	%
Investment return		
pre retirement	6.6	6.5
post retirement	5.6	6.5
Earnings growth	4.55	4.25
Price inflation	2.8	2.5

An interim valuation was done as at 31 March 2005, and this showed that the deficit had improved with the Fund's

assets representing 84% of the Fund's accrued liabilities at that date. Please refer to the WYPF Report and Accounts document for further details.

Note 3. Statement of Accounting Policies

The accounts are prepared in accordance with the Statement of Recommended Practice "The Financial Reports of Pension Schemes."

Listed Investments

Listed investments are shown at market value. The market value of the investments based on the middle market quotation of the relevant stock exchange was £6,616m on 31 March 2006. The book cost of these investments was £4,019.7m on that date.

Additional Voluntary Contribution (AVC) investments are not shown in the Fund Account and Net Assets Statement (see Note 10).

Currency Translation

Assets and liabilities in foreign currency are translated into Sterling at exchange rates ruling at the financial year end.

Transfers

Transfer Values represent amounts received and paid during the period for individuals and groups who joined or left the Fund.

Investment Income

Investment income is accounted for when received except that interest due on fixed interest securities, index linked securities and short-term investments is accounted for on an accruals basis, and income from UK equities is accounted for on the date when stocks are quoted ex-dividend.

Contributions

Contributions are accounted for when due.

Expenditure

No account is taken of long-term liabilities to pay benefits.

Note 4. Contributions Receivable

Analysis of Contributions Receivable		
	2004-5	2005-6
	£000	£000
Employers' contributions	132,371	156,454
Special employers' contributions	207	0
Employees' contributions	78,588	84,624
Total Contributions Receivable	211,166	241,078

The total contributions receivable are further analysed by type of member body.

Analysis of Contributions Receivable by Member Body		
	2004-5	2005-6
	£000	£000
Administering authority	27,336	30,845
Scheduled bodies	147,052	167,025
Admitted bodies	36,778	43,204
Bodies with no further interest	0	4
Total Contributions Receivable	211,166	241,078

Note 5. Benefits Payable

The total benefits payable are further analysed by type of member body.

Analysis of Benefits Payable		
	2004-5	2005-6
	£000	£000
Funded pensions		
Retired employees	151,495	161,250
Dependants	16,833	17,917
Funded lump sums		
On retirement	32,848	33,432
On death	4,060	3,715
Total Benefits Payable	205,236	216,314

Analysis of Benefits Payable by Member Body		
	2004-5	2005-6
	£000	£000
Administering authority	34,365	36,348
Scheduled bodies	153,292	157,289
Admitted bodies	16,902	20,587
Other interested bodies with no pensionable employees	677	2,090
Total Benefits Receivable	205,236	216,314

Note 6. Investments at Market Value

Investments	Opening Value at 1 April 2005	Purchases at Cost	Sale Proceeds	Change in Market Value	Closing Value at 31 March 2006
	£000	£000	£000	£000	£000
Fixed Interest Securities	410,201	124,160	-90,779	-3,005	440,577
Equities	3,568,184	398,724	-315,072	960,947	4,612,783
Index-linked Securities	232,610	57,624	-45,194	22,516	267,556
Managed & Unitised Funds	573,994	152,516	-29,894	208,206	904,822
Cash Deposits	367,700	22,594	0	0	390,294
Accrued Purchases	-1,052	-3,047	0	0	-4,099
Accrued Sales	7,346	0	-5,762	0	1,584
Total Investments	5,158,983	752,571	-486,701	1,188,664	6,613,517

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Analysis of Investments Closing Market Values		
	2004-5	2005-6
	£000	£000
Fixed Interest Securities:		
UK Public Sector quoted	222,131	258,768
UK Other quoted	69,460	64,964
Overseas Public Sector quoted	79,110	81,152
Overseas Other quoted	39,500	35,693
	410,201	440,577
Equities:		
UK quoted	2,352,552	2,914,954
UK unquoted	33,276	46,465
Overseas quoted	1,146,942	1,596,717
Overseas unquoted	35,414	54,647
	3,568,184	4,612,783
Index Linked Securities:		
UK Public Sector quoted	152,448	179,772
UK Other quoted	32,635	33,056
Overseas Public Sector quoted	47,527	54,728
	232,610	267,556
Managed and Unitised Funds:		
Hedge Funds	0	133,609
Property	274,712	329,604
Other	299,282	441,609
	573,994	904,822
Cash Deposits:		
Sterling	367,700	390,294

Note 7. Investment Income

Investment Income	2004-5	2005-6
	£000	£000
Income from fixed interest securities	25,347	26,496
Dividends from equities	99,215	122,940
Income from index-linked securities	4,531	5,221
Income from pooled funds	10,769	11,257
Interest on cash deposits	15,194	17,597
Total Investment Income	155,056	183,511

Note 8. Other Income

Analysis of Other Income		
	2004-5	2005-6
	£000	£000
Stock Lending		
Income - Fixed Interest	77	83
- UK Equities	697	564
- International Equities	376	452
Expenditure	-137	-144
Underwriting Commission	9	1
Total	1,022	956

As at 31 March 2006, £773.6m of stock was on loan to market makers, and this was covered by collateral totalling £805.9m (which includes an appropriate margin), comprising bonds (£166m), letters of credit (£142.2m), stocks and shares (£243.7m) and certificates of deposit (£254m).

Note 9. Current Assets and Liabilities

Current Assets and Liabilities		
	2004-5	2005-6
	£000	£000
Assets		
Contributions due from employees and employers	16,068	20,406
Accrued income	33,873	39,617
Other debtors	4,708	3,656
	54,649	63,679
Creditors		
PAYE	1,870	1,943
Other creditors	686	2,020
	2,556	3,963

Note 10. Related Party Transactions

In accordance with FRS 8 "Related Party Disclosures", material transactions with related parties, not disclosed elsewhere, are detailed below.

In 2005-6, Bradford Metropolitan District Council charged the West Yorkshire Pension Fund £519,000 in respect of support services provided (£541,000 in 2004-5). The charge included accommodation, financial, legal and information technology services.

Note 11. Additional Voluntary Contributions (AVC)

The Fund provides an AVC Scheme for its contributors, the assets of which are invested separately from the main Fund. The scheme providers are Equitable Life Assurance and Scottish Widows whereby additional benefits are secured on a money purchase basis for those contributors electing to pay additional voluntary contributions.

As advised by the two companies the amounts administered under AVC arrangements are as follows:

Additional Voluntary Contributions		
	2004-5	2005-6
	£000	£000
Value of funds at 1 April	15,357	16,220
Contributions received	1,012	937
Transfers and withdrawals	533	731
Internal Transfers	11	25
Interest and bonuses / Change in market value of assets	597	1,917
Sale of investments to settle benefits due to members	-1,290	-1,349
Value of fund at 31 March	16,220	18,481

Note 12. Contingent Liabilities and Contractual Commitments

At 31 March 2006 the West Yorkshire Pension Fund had investments in private equity funds valued at £101.1m; however the total amount the Fund has committed to be invested is £269.5m.

Note 13. Statement of Investment Principles

The West Yorkshire Pension Fund has prepared a Statement of Investment Principles (SIP) in accordance with the Local Government Pension Scheme (Management and Investment of Funds) (Amendment) Regulations 1999. Full details of the SIP are included in the West Yorkshire Pension Fund Annual Report and Accounts. A copy is also available on the Fund's website www.wypf.org.uk.

Note 14. List of Scheduled Bodies Contributing to the Fund

Major Scheduled Bodies

City of Bradford Metropolitan District Council
 City of Wakefield Metropolitan District Council
 Kirklees Metropolitan Council

Leeds City Council
 Metropolitan Borough of Calderdale

Other Scheduled Bodies

All Saints C.E Junior & Infant School
 Bingley Grammar
 Bradford and Ilkley Community College
 Brighouse High School
 CAF/CASS
 Calderdale College
 Castle Hall School
 Clayton Parish Council
 David Young Community Academy
 Denby Dale Parish Council
 Department for Constitutional Affairs (Magistrates Courts)
 Dewsbury College
 Dixons City Academy
 Foxhill Primary School
 Greenhead Sixth Form College
 Hanson School
 Hebden Royd Town Council
 Heckmondwike Grammar School
 Hemsworth Town Council
 Hill Top First School
 Hipperholme and Lightcliffe H & S
 Hollingwood Primary School
 Holme Valley Parish Council
 Holy Trinity Senior School
 Huddersfield New College
 Huddersfield Technical College
 Ilkley Parish Council
 Joseph Priestley College
 Keelham Primary School
 Keighley College
 Keighley Town Council
 Killinghall Primary School
 Kirkburton Parish Council
 Kirklees Active Leisure
 Kirklees Neighbourhood Hsg Ltd
 Lady Elizabeth Hastings School
 Laisterdyke Business
 Leeds College of Art and Design
 Leeds College of Building
 Leeds College of Music
 Leeds College of Technology
 Leeds East Homes
 Leeds Metropolitan University
 Leeds North East Homes
 Leeds North West Homes

Leeds South East Homes
 Leeds South Homes
 Leeds West Homes
 Lightcliffe C.E Primary School
 Longroyde Junior School
 Micklefield Parish Council
 Mirfield Free Grammar School
 Morley Town Council
 Myrtle Park Primary School
 New College Pontefract
 North Halifax Grammar School
 Northern Schools of Contemporary Dance
 Notre Dame Sixth Form College
 Oakbank School
 Oakworth Primary School
 Otley Town Council
 Park Lane College
 Rastrick High School
 Russell Hall First School
 Ryburn Valley High School
 Salterlee Primary School
 Shipley College
 South Elmsall Town Council
 St Catherine's Catholic High School
 St Chad's C.E Primary School
 St John's C.E (Bradford)
 St John's C.E (Brighouse)
 St Michael's All Angels School
 The Brooksbank School
 The Crossley Heath School
 Thomas Danby College
 Thornton Grammar School
 Todmorden Parish Council
 University of Huddersfield
 Wakefield College
 West Vale Primary School
 West Yorkshire Fire and Civil Defence Authority
 West Yorkshire Passenger Transport Authority
 West Yorkshire Passenger Transport Executive
 West Yorkshire Police
 West Yorkshire Probation
 West Yorkshire Valuation Tribunal
 Wetherby Town Council
 Wilsden Parish Council
 Yorkshire Purchasing Organisation

Group Income and Expenditure Account for the Year Ended 31 March 2006				
	2004-5 Net Expenditure £000	2005-6 Gross Expenditure £000	2005-6 Income £000	2005-6 Net Expenditure £000
Expenditure on services				
Education	279,276	433,963	130,241	303,722
Social Services	129,540	224,576	88,086	136,490
Environmental Services	41,347	61,914	17,781	44,133
Cultural and Related Services	25,076	43,209	17,981	25,228
Planning and Development Services	21,027	35,085	19,183	15,902
Highways, Roads and Transport Services	19,416	24,947	5,705	19,242
General Fund Housing	6,888	130,190	121,999	8,191
Central Services to the Public	4,069	38,363	32,655	5,708
Corporate Management	5,379	11,189	6,668	4,521
Democratic Representation and Management	4,483	4,425	41	4,384
Non distributed costs	-211	-13,355	4,212	-17,567
Court and Probation Services	1,147	1,003	607	396
Exceptional item	0	13,000	0	13,000
Discontinued service – Housing Revenue Account	-223	0	0	0
Share of operating results of associates	-540	0	566	-566 <i>Note 4</i>
Losses on disposal of fixed assets	875	600	0	600 <i>Note 2</i>
Net cost of services	537,549	1,009,109	445,725	563,384 <i>Note 2</i>
West Yorkshire Passenger Transport Levy	12,861			14,642
Parish Council Precept	449			497
Trading services surpluses (-) / deficits	-444			-193
Interest and investment income	-4,326			-4,995
Share of interest receivable by associate companies	-92			-56 <i>Note 4</i>
Interest payable	30,475			31,625 <i>Note 2</i>
Share of interest payable by associate companies	231			225 <i>Note 4</i>
National pooling of housing capital receipts	299			232
Net pension interest cost and expected return on pensions assets	5,468			8,665
Share of net pension interest cost and expected return on pensions assets of associate companies	50			57 <i>Note 4</i>
Share of taxation of associate companies	157			87 <i>Note 4</i>
Net operating expenditure	582,677			614,170
Appropriations				
Transferred to Housing Revenue Account	326			0
Contributions to / from (-)				
revenue reserves	677			-4,919
Usable Capital Receipts Reserve	-299			-232
Capital Financing Account	-1,458			2,715
Pension Reserve	-10,190			2,448
Trust Fund Reserve	29			-87 <i>Note 2</i>
Capital reserves re losses on disposal of fixed assets	-875			-600 <i>Note 2</i>
Group Income and Expenditure Reserve	194			175 <i>Note 4</i>
Amount to be met from government grants and local taxation	571,081			613,670
Council tax	-124,968			-131,480
Redistribution of non-domestic rate income	-132,236			-159,214
Revenue Support Grant	-318,118			-326,201
Net General Fund surplus	-4,241			-3,225
General Fund Reserve at the beginning of the year	-6,048			-10,289
Consolidation of HRA final balance and general reserves into the General Fund Reserve	0			-1,379
General Fund Reserve at the end of the year	-10,289			14,893

Group Balance Sheet as at 31 March 2006		Restated 31 March 2005 £000	31 March 2006 £000
Fixed assets		735,093	933,180
Intangible assets		0	8,672
Investment in associate companies	<i>Note 4</i>	12,345	13,620
Long term debtors		6,079	5,060
Deferred premiums		7,210	13,433
Total long term assets		760,727	973,965
Current assets:			
Stocks and work in progress		1,177	1,143
Landfill useage allowance		0	266
Debtors and payments in advance	<i>Note 4</i>	68,485	64,314
Investments	<i>Note 2</i>	50,692	105,692
Cash in hand	<i>Note 2</i>	47,099	44,620
Less current liabilities			
Creditors and receipts in advance		89,577	95,750
Short term borrowing (repayable within 12 months)		14,951	17,574
Cash overdrawn		1,790	15,637
Net current assets		61,135	87,074
Total assets less current liabilities		821,862	1,061,039
Less:			
Long term borrowing		422,382	438,911
Provisions		6,148	19,982
Deferred liabilities		6,970	6,666
Liability related to defined benefit pension schemes		362,377	342,827
Total assets less liabilities		23,985	252,653
Financed by:			
Fixed assets restatement account		-476,192	-319,140
Usable capital receipts reserve		0	1,995
Capital financing account		663,801	689,417
Government grants deferred		109,788	132,257
Deferred income		1,004	904
Deferred capital receipts		1,263	926
Pensions reserve		-362,377	-342,827
Income and expenditure reserves	<i>Note 4</i>	86,112	88,622
Trust Fund Reserves	<i>Note 2</i>	586	499
Total equity		23,985	252,653

Group Statement of Total Movement in Reserves

Group Statement of Total Movement in Reserves for the Year Ended 31 March 2006		
	2004-5	2005-6
	£000	£000
Movement in revenue reserves		
Movement on the Collection Fund	3,586	2,929
Housing Revenue Account surplus	326	0
General Fund surplus	4,241	3,225
Movement on other revenue reserves:		
Other general reserves	-1,100	0
Corporate earmarked reserves	392	-14,513
Service earmarked reserves	1,385	9,594
Trust funds	29	-87
Movement on group income and expenditure reserve	349	175
Appropriation to / from (-) pensions reserve	-10,190	2,448
Appropriation from group pensions reserve	-155	0
Actuarial losses relating to pensions	-194,268	17,102
Group actuarial gains / losses (-) relating to pensions	-253	1,100
Total increase / decrease (-) in revenue resources	-195,658	21,973
Unrealised losses on the revaluation of fixed assets	-16,440	174,642
Effects of the disposal of fixed assets		
Decrease in usable capital receipts	-20,232	1,995
Capital receipts set aside as provision for credit liabilities	19,189	10,200
Value of assets sold	-8,422	-17,590
Net effect of the disposal of fixed assets	-9,465	-5,395
Movement in amounts used to finance capital investment		
Investment financed from capital receipts	12,453	13,000
Net revenue resources used to fund capital	-1,458	2,715
Long-term debtors (financed from borrowing) repaid	-78	-299
Movement in government grants deferred	21,273	22,469
Total increase in amounts used to fund capital investment	32,190	37,885
Other movements		
Decrease in deferred income	-100	-100
Decrease in deferred capital receipts	-293	-337
Total decrease in other reserves and balances	-393	-437
Total Recognised Gains / Losses (-)	-189,766	228,668

Group Cash Flow Statement for the Year Ended 31 March 2006	2004-5 £000	2005-6 £000
Net cash inflow from revenue activities	32,358	69,205
Dividends from associates	168	78
Returns on investment and servicing of finance		
Cash outflow –interest paid	-30,706	-31,626
Cash inflow –interest received	3,605	4,995
Net cash outflow from servicing of finance	-27,101	-26,631
Taxation	-157	-87
Capital activities: cash outflows		
Purchase of fixed assets	-84,450	-92,133
Capital activities: cash inflows		
Sale of fixed assets	11,709	25,427
Capital grants and other receipts	45,041	43,663
Net cash outflow from capital activities	-27,700	-23,043
Total net cash inflow / outflow (-) before financing	-22,432	19,522
Management of liquid resources: Net decrease in short-term deposits	36,600	-55,000
Financing		
Cash outflows – repayments of amounts borrowed	-29,772	-29,848
Cash inflows -new loans raised	42,365	49,000
Net cash inflow from financing	12,593	19,152
Decrease (-) / Increase in cash	26,761	-16,326

Note 1. Background

Authorities are required to produce group financial statements where they have material interests in subsidiaries, associated companies or joint ventures. The group financial statements are produced in addition to the main statement of accounts. They consolidate an authority's interests in companies along with its own accounts to show a complete picture of the authority's activities. There are four group financial statements:

- The Group Income and Expenditure Account
- The Group Balance Sheet
- The Group Statement of Total Movements in Reserves
- The Group Cash Flow Statement

In 2005-6 the Council had interests in three associated companies:

- Leeds Bradford International Airport Limited (LBIA): The authority has a 40% share in the company, holding £6m of the total issued share capital of £15m.
- Bradford City Centre Urban Regeneration Company Limited (BCR): This is a company limited by guarantee. It is funded equally by the Council, Yorkshire Forward and English Partnerships.
- Bradford Bovis Social Partnership Limited (BBSP): The company was owned 50% by the Council and 50% by Bovis Urban Renewal Limited. The company was wound up in 2005-6 and the company received a final distribution payment of £1,512.

In 2005-6 the Council's interest in both LBIA and BCR have been consolidated into the Council's group financial statements.

Note 2. Adjustments to Ensure Consistency with Generally Accepted Accounting Practice (UK GAAP)

The accounting policies adopted by local authorities are set out in the Code of Practice on Local Authority Accounting. They differ in some respects from UK GAAP since they are adapted to meet specific local authority legislative requirements. The following adjustments to the authority's accounts are required before consolidation to reflect compliance with UK GAAP.

Profit or losses on the disposal of assets

Profit or losses on the disposal of assets must be charged to the Group Income and Expenditure Account. This shows where the authority has either achieved a sale price above the market value or disposed of assets at below market value. The profit or loss is balanced within the income and expenditure account by an appropriation to capital reserves.

The Council disposed of two assets at below market value during the year in connection with connection with regeneration and housing projects. Under UK GAAP the loss of £600,000 must be shown in the Income and Expenditure Account for the year. The loss is offset by contributions from capital reserves.

Directly Managed Funds

Trust funds are excluded from an authority's Statement of Accounts but should be included in the group accounts where the authority is sole trustee and has access to economic benefits through the trust. Accordingly, the following trusts have been incorporated

- King George's Field, Keighley (No. 514349)
- Royd House, Wilsden (No. 700025)
- Peel Park, Bradford (No. 523509)

The group gross expenditure on cultural and related services has been increased by £109,580 to reflect payments of £107,580 made from the King George's Field Trust Fund and £2,000 from the Royd House Trust Fund. In addition there was investment income of £23,137 in respect of the trusts in 2005-6. The inclusion of this income has increased interest and investment income

from the £4,972,000 shown in the authority's revenue account to £4,995,000 in the group account. The trust fund net expenditure has been taken from the Trust Fund Reserve. The net assets of the trust funds have also been brought into the authority's balance sheet before consolidation.

Inclusion of Directly Managed Funds			
	Authority Balance Sheet £000	Trust Funds Included £000	Adjusted Balance Sheet £000
At 31 March 2005			
Investments	50,300	392	50,692
Cash in hand	46,905	194	47,099
Trust fund reserves	0	586	586
At 31 March 2006			
Investments	105,300	392	105,692
Cash in hand	44,513	107	44,620
Trust fund reserves	0	499	499

The reserves of the three trust funds included in the authority's accounts prior to consolidation decreased by £87,000 in the year.

Asset Management Revenue Account (AMRA)

The concept of the Asset Management Revenue Account does not exist in GAAP. The account must be eliminated and its constituent elements shown in appropriate lines within the Group Income and Expenditure Account. The following table shows the changes made to achieve this.

Elimination of AMRA Balance		
	2004-5 £000	2005-6 £000
Interest charges to services (and credited to AMRA) removed	-27,233	-28,119
Amortised capital grants removed from AMRA and credited to services	-3,391	-8,242
Effect on Net Cost of Services	-30,624	-36,361
External interest charges now shown as interest payable	30,475	31,625
AMRA balance removed	149	4,736
Effect on Net Operating Expenditure	0	0

Note 3. Prior Year Adjustments and Restatements

Adjustments made to the authority's balance sheet at 31 March 2005 are also reflected in the Group Balance Sheet. They are as set out in Note 1 on page 16.

In 2004-5 the authority's interest in BCR was considered to be not material and it was not consolidated in the group accounts. For 2005-6 the figures are material and it has been consolidated. Comparative figures for 2004-5 have therefore now been restated to include the council's 50% interest in BCR. The net profit of the company shown in its 2004-5 accounts was £32 and its net assets at 31 March 2005 were also £32. In 2005-6 BCR has been required to fully adopt FRS17 on accounting for retirement benefits. BCR's 2004-5 figures have consequently been restated in their 2005-6 accounts and now show a net loss for 2004-5 of £4,032 and net liabilities at 31 March 2005 of £166,968. These restated figures have been used in the group accounts.

Note 4. Consolidation of Associates

Figures in respect of LBIA and BCR have been consolidated into the group accounts using the equity method:

- The authority's share of the company's operating results are included in the Group Income and Expenditure Account, and
- The authority's share of the company's net assets are included in the Group Balance Sheet and shown as a long-term investment.

Leeds Bradford International Airport Ltd (LBIA)

The principal activity of the company is the operation of a regional and international airport.

The authority holds a 40% interest in LBIA, holding £6.0m of the total issued share capital of £15m. . In the event that the airport should cease trading the authority would receive 40% of the assets. There is no liability for losses.

The following tables summarise the authority's 40% share in the financial performance and net assets of LBIA. All figures take into account LBIA pensions liabilities in accordance with the requirements of Financial Reporting Standard 17

40% share of LBIA turnover	2004-5	2005-6
	£000	£000
Share of operating results included in net cost of services	-540	-543
Share of interest payable	231	225
Share of interest receivable	-92	-56
Share of net pension interest cost and expected return on pensions assets	50	59
Share of taxation	157	87
Share of prior year adjustment	0	78
Effect on Net Operating Expenditure	-194	-150
Appropriation to Group Income and Expenditure Reserve	194	150

40% share of LBIA net assets	31 March	31 March
	2005	2006
	£000	£000
Long term asset – investment in LBIA	12,428	13,674

LBIA fixed assets are valued in the company's balance sheet at depreciated historic cost and have been consolidated within the Group Balance Sheet on that basis. The total value of LBIA fixed assets is £81.0m and Bradford's share for consolidation is £32.4m.

In the case of land and buildings, LBIA's valuation basis is not consistent with that used by the authority for its own fixed assets. However, the majority of LBIA's land and buildings are of a distinct class specific to running an airport, and are different from the authority's own assets.

Consolidation of LBIA in Group Statement of Total Movement in Reserves	2004-5	2005-6
	£000	£000
Operating surplus appropriated to group income and expenditure reserve	194	150
Actuarial gain / losses(-) pensions	-253	1,096
Total	-59	1,246

The authority has an investment in the company by way of a debenture loan. LBIA makes annual repayments, with interest, to the authority. The amount outstanding at 31 March 2006 was £603,121. The loan period runs until 2011-2, by which year it will be fully repaid. The outstanding loan is included in the authority's balance sheet as a long-term debtor in its balance sheet and, on consolidation, is also shown as a long-term debtor in the Group Balance Sheet. The loan is recognised as a long-term creditor in LBIA's balance sheet and on consolidation it forms part of the net assets of the company included as a long-term investment on the Group Balance Sheet.

Bradford City Centre Urban Regeneration Company Limited (BCR)

BCR is a government designated Urban Regeneration Company. The principal activity of the company is to facilitate the regeneration of Bradford's city centre.

The authority and Yorkshire Forward are joint founder members of the company. Each may appoint up to two directors to the board. The company is funded equally by each of the members and English Partnerships.

The amount due from each of the funding partners for the year ended 31 March 2006 was £400,000. During the year the company obtained goods and services from the authority amounting to £1,423 (£26,588 in 2004-5).

The following tables summarise the authority's 50% share in the financial performance of BCR. All figures take into account pensions liabilities in accordance with Financial Reporting Standard 17.

50% share of BCR turnover	2004-5	2005-6
	£000	£000
Share of operating results included in net cost of services	-1	-23
Share of net pension interest cost and expected return on pensions assets	-1	-2
Effect on Net Operating Expenditure	-2	-25
Appropriation to Group Income and Expenditure Reserve	2	25
Actuarial gain / loss (-)	-66	4
Total gains and losses recognised in year	-64	29

50% share of BCR net liabilities	31 March	31 March
	2005	2006
	£000	£000
Investment in BCR	-83	-54
Group Income and Expenditure Reserve	-83	-54

Note 5. Effects of Consolidation

The main effects of the consolidation have been:

- The Group Income and Expenditure Account shows an increase in net operating expenditure of £512,000. This results from the UK GAAP treatment of losses on disposal of assets (£600,000) and net expenditure from trust funds (£87,000). These amounts have been offset by the authority's share of LBIA's and BCR's net operating surpluses (£175,000). These amounts have been appropriated to reserves. As a result the amount to be met from government grants and local taxation remains the same as shown in the authority's own Consolidated Revenue Account on page 12.
- The Group Balance Sheet shows group reserves £8.119m higher than in the authority's own balance sheet. The increase is due to the inclusion of LBIA and BCR in the income and expenditure reserves (£7,620,000) and trust fund reserves (£499,000).

This glossary is provided to assist the reader. It offers an explanation of terms in common use in relation to local authority finance, many of which are used within this document.

Accruals

Income and expenditure are recognised as they are earned or incurred. When income is due to the authority but has not been received an accrual is made for the debtor. When the authority owes money but the payment has not been made an accrual is made for the creditor.

Asset Management Revenue Account (AMRA)

The account ensures that services receive an economic charge for the use of assets. Services pay capital charges based on the value of assets in use and the income from those charges is credited to the AMRA. The external interest costs associated with borrowing to finance capital assets are then charged to the AMRA, not to services.

Associated Company

A company over which the authority is able to exercise significant influence (see also Group Accounts).

Best Value Accounting Code of Practice (BCACOP)

Authorities must follow this code when presenting financial reports. By establishing a common framework it enables comparisons to be made between authorities. It prescribes the service headings into which costs should be grouped. It also ensures that all relevant costs are charged to services, including central overheads and capital charges.

Capital Charges

Charges to services for the use of assets. They include an interest charge and depreciation, both based on the value of the assets used in the provision of services.

Capital Expenditure

Expenditure on the acquisition of fixed assets, or which adds to, and not merely maintains, the value to the authority of existing fixed assets.

Capital Financing Account

An account maintained to hold transactions relating to the financing of capital expenditure.

Capital Financing Requirement

A measure defined by the Prudential Code of the authority's level of borrowing for capital purposes. It is based on the balance sheet of the authority. It is the basis for calculating the charge to be made to revenue for debt repayment each year (see Minimum Revenue Provision).

Capital Receipts

Income from the disposal of land and other assets and from the repayment of grants and loans made to others for capital purposes. The income can only be used either to finance new capital spending or to reduce the capital financing requirement through the repayment of debt.

Collection Fund

The fund deals with the collection and distribution of council tax and non-domestic rates. Surpluses may arise from time to time if the amounts collected from council tax (and its predecessor, community charge) exceed estimates. Such surpluses cannot be used directly to fund expenditure, but can be taken into account through the budget process and used to reduce council tax.

Community Assets

Assets such as parks and historic buildings that the authority intends to hold in perpetuity and that may have restrictions on their disposal.

Consistency

The concept that the accounting treatment of any given item will remain consistent between accounting years and that any necessary change will be made clear to the reader of the statement of accounts.

Consolidated Revenue Account

A statement showing all of the authority's expenditure and income in the year and the resulting net surplus or deficit.

Contingent Liabilities

These are material liabilities where the contingent loss cannot be accurately estimated or is not considered sufficiently certain to include in the accounts. They are therefore brought to the attention of readers of the accounts as a note to the balance sheet.

Creditors

Amounts owed by the authority for work done, goods received or services rendered, but for which payment has not been made at the end of the year.

Deferred Charges

Amounts properly incurred as capital expenditure, but where no authority asset is created. They are mainly grants or loans made to individuals or organisations for capital purposes, such as improvement grants.

Depreciation

A capital charge made to services for the use of fixed assets in the provision of services. It represents the depletion of the useful life of an asset and the consequent reduction in its value.

Debtors

Sums of money owed to the authority but not received at the end of the year.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Consequently, the leased assets are recognised on the balance sheet of the lessee.

Fixed Assets

Assets that yield benefits to the authority and the services it provides for a period of more than one year. Examples include land, buildings and vehicles.

Fixed Asset Restatement Account (FARA)

The account reflects revisions in the value of fixed assets following revaluation or disposal.

Financial Reporting Standards (FRS)

Practice to be followed in the preparation of accounting statements. For example FRS17 governs the way in which pension liabilities must be presented in the accounts.

General Fund

All services other than those which authorities are required to account for separately in a Housing Revenue Account or Collection Fund.

General Reserves and Balances

Monies held by the authority to deal with unforeseen events that might arise. The authority must maintain a prudent level of such balances.

Government Grants Deferred Account

The authority receives grants and other external contributions toward the cost of fixed assets. This creates an interest in the resulting assets on the part of the grant giving bodies. This interest is represented in the authority's balance sheet by the Government Grants Deferred Account. The balance on the account is written down as the assets are depreciated or sold.

Group Accounts

Where authorities have material interests in subsidiaries, associated companies or joint ventures they are required to prepare additional group account statements. The group accounts consolidate those interests in subsidiaries, associates and joint ventures with the authority's own accounts to present a complete picture of the authority's activities.

Housing Revenue Account (HRA)

A separate account detailing the expenditure and income arising from the provision of council housing.

Impairment

A diminution in value of fixed assets resulting from obsolescence, physical damage or general market conditions. The authority undertakes annual reviews of its assets to identify impairment.

Infrastructure Assets

These are assets such as highways and footpaths.

Investments

These may be long-term investments such as the authority's shareholding in Leeds Bradford International Airport Limited or the short-term investment of cash balances that may arise from day to day management of the authority's cash flow.

Investment Properties

Land and buildings that are not held for the provision of services.

Joint Venture

A company or body in which decisions require the consent of all participants (see also Group Accounts).

Liabilities

Amounts due to individuals or organisations and to be paid at some time in the future. Current liabilities are payable within one year of the balance sheet date.

Materiality

An item is material if its omission, non-disclosure or mis-statement in financial statements could be expected to lead to a distortion of the view given by the financial statements.

Minimum Revenue Provision (MRP)

This is the minimum amount of external borrowing that authorities must repay and charge to their revenue accounts each year. It is calculated as a percentage of the authority's capital financing requirement at the start of the year.

Non-Domestic Rates (NDR)

These are rates levied on business properties. The level of NDR charges is set by the Government. NDR income is pooled nationally and re-distributed to authorities on the basis of population.

Net Book Value

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Operating Leases

Leases other than finance leases. Under operating leases the risks and rewards of ownership remain substantially with the lessor. Consequently, the assets concerned are not included on the balance sheet of the lessee.

Precept

The amount levied by the various joint authorities (e.g. police and fire authorities) which is collected by the Council on their behalf through the council tax.

Prior Year Adjustments

Material adjustments applicable to prior years, arising from changes in accounting policies or from other corrections.

Provisions

Contributions to provisions are amounts charged to the revenue account during the year for costs with uncertain timing where a reliable estimate of the cost involved can be made.

Prudence

This accounting concept requires that revenue is not anticipated until realisation can be assessed with reasonable certainty. Provision is made for all known liabilities whether the amount is certain or can only be estimated in the light of the information available.

Prudential Code

The Code ensures that authorities borrow only for capital purposes and that they borrow responsibly and at affordable levels. Authorities demonstrate compliance with the code by setting and observing a range of prudential indicators covering the level of capital expenditure, the cost of borrowing and level and structure of its debt.

Related Parties

Individuals or bodies who have the potential to influence or control the Council or to be influenced or controlled by the Council.

Revenue Expenditure

Expenditure on the day-to-day running costs of services, such as the costs of employees, premises, supplies and services.

Revenue Reserve

Any sum set aside for a specific revenue purpose.

Revenue Support Grant (RSG)

A general government grant towards the cost of providing services.

Subsidiary

A company or body over which the authority has control or has the right to exercise dominant influence (see also Group Accounts).