

CITY OF BRADFORD METROPOLITAN DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2006-7

Contents	Page
INDEPENDENT AUDITOR'S REPORTS	
The Authority's Financial Statements.....	2
Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources.....	3
FOREWORD AND STATEMENT OF RESPONSIBILITIES.....	4
STATEMENT ON INTERNAL CONTROL.....	5
FINANCIAL SUMMARY.....	6
STATEMENT OF ACCOUNTING POLICIES.....	10
MAIN FINANCIAL STATEMENTS	
Income and Expenditure Account	12
Statement of Movement on the General Fund Balance.....	13
Statement of Total Recognised Gains and Losses.....	14
Balance Sheet	15
Cash Flow Statement.....	16
Notes to the Main Financial Statements	17
SUPPLEMENTARY FINANCIAL STATEMENTS	
Collection Fund and Explanatory Notes.....	35
West Yorkshire Pension Fund and Explanatory Notes	37
GROUP FINANCIAL STATEMENTS	
Group Income and Expenditure Account	44
Reconciliation of the Authority's Surplus or Deficit to the Group Surplus or Deficit.....	45
Group Statement of Total Recognised Gains and Losses.....	46
Group Balance Sheet	47
Group Cash Flow Statement.....	48
Notes to the Group Financial Statements	49
GLOSSARY OF TERMS	51

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 2007 under the Audit Commission Act 1998. The financial statements comprise the Explanatory Foreword, Income and Expenditure Account, Statement of the Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Collection Fund, the Group Accounts, and the related notes. The pension fund accounts comprise the Fund Account, the Net Assets Statement, and the related notes. The financial statements and pension fund accounts 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 Strategic Director of Corporate Services and auditors

The Strategic Director of Corporate Services' responsibilities for preparing the financial statements, including the pension fund accounts, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities.

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 and the pension fund account present fairly, in accordance with applicable laws and regulations and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006:

- the financial position of the 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 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003', issued in April 2004. 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 the Pension Fund Annual Report and the abridged Pension Fund Annual Report. 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 2006, the financial position of the authority and its group as at 31 March 2007 and its income and expenditure for the year then ended; and
- The pension fund accounts present fairly, in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial transactions of the Pension Fund during the year ended 31 March 2007, and the amount and disposition of the fund's assets and liabilities as at 31 March 2007, other than liabilities to pay pensions and other benefits after the end of the scheme year.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Signed:

Date: 28 September 2007

**Paul Lundy
District Auditor**

Audit Commission
Kernel House
Killingbeck Drive
Killingbeck
Leeds LS14 6UF

Report of the Independent Auditor: Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

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; 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 having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, I am satisfied that, 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 2007.

Signed:

Date: 28 September 2007

Paul Lundy
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 2006-7. 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 Accounts and Audit Regulations 2003 (as amended in 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 Strategic Director, Corporate Services**. This report summarises the most significant items reported in the accounts and outlines the overall financial position of the Council for 2006-7. 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**. For 2006-7 the core financial statements represent a substantial change from those produced in 2005-6 and earlier years. Previously the focus of the Statement of Accounts was the Consolidated Revenue Account (CRA). In 2006-7 this is replaced by a UK Generally Accepted Accounting Practices (UK GAAP) compliant **Income and Expenditure Account (I&E)**. The I & E 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. The second new statement is **The Statement of the Movement on the General Fund Balance (SMGFB)** which provides the crucial link between the old CRA and the new I & E. The final new statement is the **Statement of Total Recognised Gains and Losses (STRGL)** which reconciles the movement in net worth of the single entity balance sheet. 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 **Cash Flow Statement** sets out in detail where the Council received cash from and what this cash was spent on.

Following on from the core financial statements is a consolidated set of notes to the accounts covering all of the core statements. 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, complete the Bradford single entity financial statements.

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.

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 Strategic Director, Corporate Services
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the statement of accounts

The Strategic Director, Corporate Services' Responsibilities

The Strategic Director, Corporate Services 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 Accounts and Audit Regulations 2003 (as amended in 2006).

In preparing this statement of accounts, the Strategic Director, Corporate Services 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 2007 and its income and expenditure for the year ended 31 March 2007.

Signed:

Becky Hellard
Strategic Director, Corporate Services

Date: 20 September 2007

In accordance with the Accounts and Audit Regulations 2003 (as amended in 2006) I certify that the statement of accounts was approved by the Corporate Governance and Audit Committee on 20 September 2007.

Signed:

Cllr Margaret Eaton
Chair of Corporate Governance and Audit Committee

Date: 20 September 2007

1. Scope of Responsibility

Bradford Council is responsible for its own operations and to report on the Internal Control environment of the other companies included within the group accounts. For Bradford this is West Yorkshire Pension Fund, Leeds Bradford International Airport Limited and Bradford City Centre Urban Regeneration Company Limited (BCR). Bradford Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Bradford Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, Bradford Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

2. The Purpose of the System of Internal Control

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

The system of internal control has been in place at Bradford Council for the year ended 31 March 2007 and up to the date of approval of the Statement of Accounts.

3. The Internal Control Environment

The Council has a detailed constitution which sets out how the Council operates, how decisions are made and the procedures to be followed to ensure the Council is efficient, transparent and accountable to local people. This includes the balance of duties and system of internal checks between the Executive and the Corporate Governance and Audit, Standards and Improvement Committees as well as full council. The Council operates within a robust financial framework which exists to ensure value for money and a performance management framework which is there to support the continuous improvement in service delivery.

The key elements of the internal control environment include;

- Establishing and monitoring the achievement of the Council's objectives
- The facilitation of policy and decision-making
- Ensuring compliance with established policies, procedures, laws and regulations
- Ensuring the economical, effective and efficient use of resources, and securing continuous improvement in the way in which Council functions are exercised, having regard to a combination of economy, efficiency and effectiveness as required by the Best Value duty
- The financial management and performance management arrangements of the Council.

In general, internal controls are updated and enhanced continuously.

4. Review of issues raised in the 2005/06 Statement on Internal Control

The 2005-6 statement on Internal Control identified four weaknesses relating to; grant claims, the council's procurement processes and the management of some major projects, the accountable body arrangements in the Council and the internal financial arrangements of Bradford Trident and the delay of restructuring top management and the number of interim arrangements during a time when the fundamental systems of the Council were also being changed.

The review has considered the adequacy of management's response to these weaknesses and has concluded that the concerns have been effectively controlled or managed and do not warrant inclusion within the Statement for 2006-7.

5. Review of effectiveness of the system of internal control

Bradford Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. Senior management within the authority have responsibility for the development and maintenance of the internal control environment. Assurances have been sought from senior officers that reasonable steps have been taken to maintain the internal control environment within their departments.

The review of the effectiveness of the system of internal control is informed by the work of Internal Audit Section. The key areas of assurance relate to the work detailed in the Annual Internal Audit Report on the Council's internal control environment and reported to Council through to Executive and the Corporate Governance and Audit Committee.

The work of External Audit provides additional assurance through their programme of work as detailed within the Audit and Inspection Plan, regular progress reports, the comprehensive performance assessment and the publication of the Council's Annual Audit and Inspection Letter. The Council also receives assurances from other statutory inspectors and regulators. Where appropriate the Council follows up all inspections with an improvement plan to remedy any weaknesses identified. An integrated improvement plan has recently been initiated to bring together and prioritise the requirements of these action plans.

6. Significant Internal Control Issues for 2006-7

The authority has been advised that the review of the effectiveness of the system of internal control has identified 8 areas of weaknesses.

Most of these have occurred as a result of the introduction of the new financial systems. There are weakness in relation to accounts receivable, financial ledger and bank reconciliation, procure to pay, human resources and payroll.

Significant amendments were also required to the Statement of Grant Usage for the Local Area Agreement. More recently the Audit Commission have recently reported on the Supporting People Service Inspection and a report will be presented to 10 July 2007 Executive to provide details of the inspection, the improvement action plan and monitoring arrangements.

The details of these weaknesses are contained within the Executive Report of the 26 June 2007 and also reported to the Corporate Governance and Audit Committee on 27 June 2007

An action plan to address each weakness has either been or will be developed and implemented in 2007-8 to ensure improvement of the systems in place.

Tony Reeves, Chief Executive
Cllr Kris Hopkins, Leader of the Council
27 June 2007

Report by Becky Hellard, Strategic Director, Corporate Services

On 2 March 2006 the Council set its budget and council tax for 2006-7. Spending of £371,771,500 was approved for the authority. This was to be funded from government grants and local taxation (£369,371,500) and from the authority's General Fund balance (£2,400,000).

At its meeting on 11 July 2006, the Council's Executive amended the budget in response to financial pressures. This increased the estimated spending in 2006-7 to £374,671,500 and the amount to be met from the General Fund balance to £5,300,000.

General Fund spending in 2006-7 was £372,547,500, £2,124,000 below the estimated level. Instead of the planned deficit of £5,300,000, a deficit of £3,176,000 was charged against from the General Fund balance at the year-end.

The net underspending of £2,124,000 is after action taken by Directors, under Financial Regulation 15, to carry forward budgets totalling £108,000 to meet commitments in 2007-8. The net underspending is the result of:

	£000	£000
Variations in spending by Departments		
Adult Services	1,600	
Corporate Services	56	
Regeneration	950	2,606
Variations in other costs		
Capital financing costs	-618	
Interest and investment income	-2,481	
Contingencies not used	-760	
Other savings	-871	-4,730
Net underspending		-2,124

- Adult Services bore the cost of £1.6m contribution to the settlement of debt relating to arrangements with the Bradford District Care Trust.
- £56,000 of the overspend in Corporate Services relating to non service expenditure, mainly bank charges offset by rates support to charitable bodies, was charged against the General Fund balance. The remaining overspend in the Service was carried forward to be charged against 2007-8 budgets.
- During the year, the Executive agreed that the overspend on Supporting People should be written off against the General Fund Balance, up to a maximum of £950,000. The £16,000 overspend remaining in Regeneration was carried forward to 2007-8.
- Capital financing costs: The saving on capital financing costs related to external interest.
- Interest and investment income: Despite increasing the budget significantly over the previous year's, average cash balances of £104m during 2006-7, combined with current interest rates produced a level of interest considerably higher than budgeted.
- Contingencies: The underspending of £760,000 relates in part to the transfer back into contingencies of a provision for the costs of waste management capital financing and in part from residual balances on earmarked sums which were not required.

- Other savings: There were a number of one-off, windfall savings in the year, including £162,000 of deferred consideration from the sale of Yorkshire Enterprise Limited, an additional allocation of Local Authority Business Growth Incentive grant of £243,000 in respect of 2005-6, and unidentified bank income of £498,000.

Schools

There was a net surplus on schools' delegated budgets of £18,850,000. The net surplus is made up of deficit balances of £5,414,000 and surplus balances of £24,264,000. These sums have been carried forward to schools' budgets in 2007-8 in accordance with delegated arrangements.

General Fund Balance

The General Fund balance acts as a necessary contingency against unforeseen events. At 31 March 2007 the General Fund balance totalled £11,717,000.

More Details

The Strategic Director, Corporate Services presented her report "Outturn Position and Statement of Accounts for the Financial Year Ended 31 March 2007" to the meeting of the Council's Executive on 26 June 2007. The report provides more details of the Council's financial performance in 2006-7. 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 2006-7 the gross revenue expenditure on the provision of services was £1,086.4m. This included £19.3m paid to the West Yorkshire Passenger Transport Authority and £579,300 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 Income and Expenditure 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.

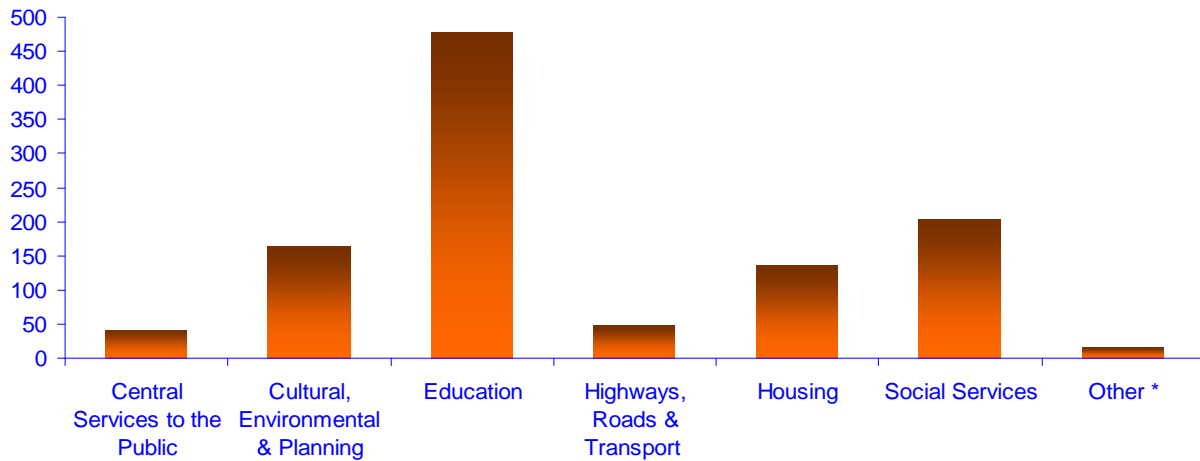
Where Did the Council Get Its Money?

The Council's General Fund revenue spending is funded through General Government Grants (£44.5m), council tax (£143.6m) and redistributed non-domestic rate income (£189.1m). The government through specific grants provides a further £502.3m of funding. £291.8 of which is a Dedicated Schools Grant (DSG) which in 2006-7 replaced the funding the Council received for schools through the general revenue support grant. The Council itself raises the remaining money (£206.9m) in the form of rents and fees and charges for services provided.

What Is the Money Spent On?

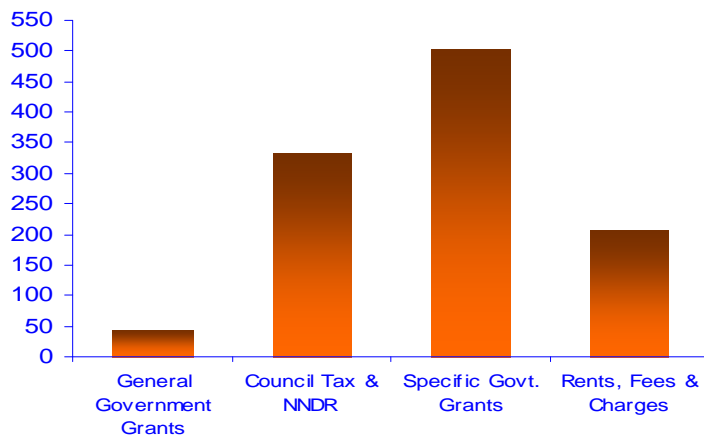
Local authority services are labour intensive with staff direct and indirect costs accounting for £496.5m of revenue expenditure. In 2006-7 spending on other operating costs and capital financing costs was £460.1m and council tax and rent benefits together totalled £129.8m.

Where the money was spent (£m)

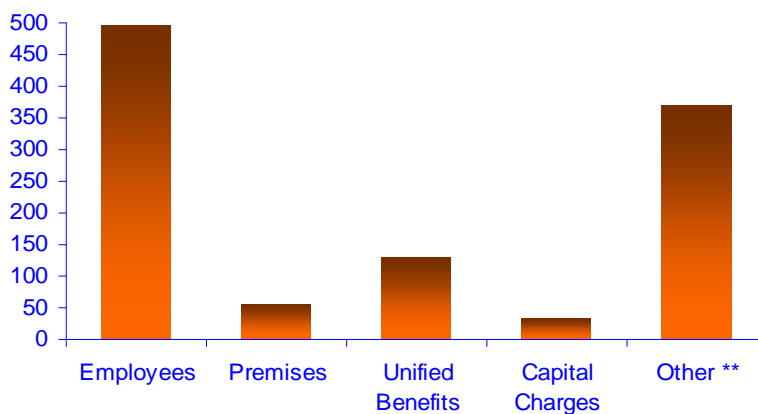


* "Other" includes corporate management, democratic representation and management, non-distributed costs, court and probation services.

Where the money came from (£m)



What the money was spent on (£m)



** "Other" includes transport; supplies and services; third party payments and support services.

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 2006-7

The Council spent £96,534m, in the year, an underspending of £40,695,000 against the planned level. The underspending and the unspent resources have been rolled forward to 2007-8.

Capital resources of £42,951,000 were carried forward on the authority's balance sheet at 31 March 2007 in the Renewals and Replacement Reserve (£12,828,000), as unused capital receipts (£2,664,000) and as grants received in advance (£27,459,000). In addition, the authority used £29,389,000 of unspent capital receipts to repay debt at 31 March 2006 but retains the spending power of those receipts through a capacity to replace them by borrowing.

Potential resources carried forward into 2007-8 therefore total £72,340,000. 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	40.5
Corporate resources to fund slippage from 2006-7 and planned support for the capital investment plan in future years	30.4
Working balance on the Renewal and Replacement Reserve	1.4
Total	72.3

Where the Money Came From

The spending of £96,534,000 was funded as follows:

- £40,578,000 (42%) by external borrowing generating capital financing charges which will form part of future revenue spending.
- £42,433,000 (44%) from government and other grants.
- £5,577,000 (6%) from revenue contributions and the use of the Renewal and Replacements Reserve and other revenue reserves.
- £7,946,000 (8%) from capital receipts from the sale of land and buildings.

Major Capital Schemes in 2006-7

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
Adult Services		1,065
Repairs and minor works	794	
Childrens Services		42,764
Devolved Formula Capital	6,179	
Quick Wins	7,070	
Additional Places	6,671	
Childrens Centres	6,318	
Modernisation Grant	4,706	
Pupils Emotional/Behavioural Needs	2,336	
Corporate Services		1,663
Cleaner Safer Greener	936	
Culture Tourism & Sport		2,225
Bowling Pool	432	
Springfield Centre	263	
Market Improvements	369	
Customer Services		7,101
Bradford-I	6,381	
Environment & Neighbourhoods		6,442
Recycling Infrastructure	1,176	
Replacement of Vehicles	3,338	
Waste Management	1,010	
Asset Management		1,726
DDA	861	
Housing		10,164
Private Sector housing schemes	10,163	
Regeneration		9,078
Integrated Development plan	3,206	
LEGI	2,812	
Transportation Design and Planning		14,306
Bridge Strengthening	2,785	
Highways Maintenance	3,192	
Transport Package Schemes	3,136	
Connecting the City	2,338	
Street Lighting	867	
Total		96,534

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 2007 is £460.4m, which is within the indicator it set for the year of £468 m.

Capital Financing Requirement 2006-7	
	£000
Balance at 1 April 2006	439,936
Prior year adjustments (see Note 12 on page 17)	171
Restated balance at 1 April 2006	440,107
Capital spending in the year financed from borrowing	40,578
Provision made in the year for the repayment of capital borrowing	20,322
Balance at 31 March 2007	460,363

Council Tax Collection

At 31 March 2006, the Council had collected over 91.8% of the value of council tax bills sent out for 2006-7. The recovery process continues for outstanding arrears.

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 2007 the deficit on the pensions reserve calculated by the actuary was £280m, a decrease of £63m when compared to the figure at 31 March 2006.

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.

Building Schools for the Future

Bradford Council is a pathfinder for the government's Building Schools for the Future Programme (BSF). Through this initiative all secondary schools in the District will benefit from renewal or refurbishment and six new special schools will be built.

The Bradford BSF will be delivered by the Integrated Bradford Local Education Partnership (LEP). A new type of public private company which is owned by the Council (10%), Partnership For Schools (10%) and private sector partners Amey and Costain (80%).

In December 2006 a contract was awarded for Phase 1 of the programme which will see three new schools built at Buttershaw, Salt and Tong. The total cost of the contract (excluding utilities) which will commence in the summer of 2008 is £313 m. In addition to the design and build of the new schools the contract will cover facilities management and maintenance at these sites for 25 years. The Council has secured funding support from the Department for Education and Skills (DfES) via PFI Credits which total £225m over the 25 year contract. Initial BSF development costs of £1,895,560 has been charged in 2006-7 to the Education revenue account.

Sale of Leeds Bradford International Airport Ltd (LBIA Ltd)

On 4 April 2007 the authority's Executive recommended to Council that the authority disposed of its 40% share capital in LBIA Ltd as part of a 100% share disposal of the airport company to the preferred bidder. The sale to Bridgepoint Capital was completed on 3 May 2007 and the authority received £51.5m for its 40% stake in the company. The Council has retained a non economic special share to guarantee that the airport would retain its status as an airport.

Accounting Developments

Authorities are required to comply with the Statement of Recommended Practice on Local Authority Accounting in the UK 2006 (the 2006 SORP) when preparing their 2006-7 Statements of Accounts. The 2006 SORP has introduced significant new requirements to the way that the authority's performance is reported through its main financial statements. These changes are summarised below and set out in further detail in Note 3 page 15:

- removal of the notional capital financing charge.
- Consolidated Revenue Account replaced with a UK Generally Accepted Accounting Practices (UKGAP) compliant Income and Expenditure Account (I & E), page 10.
- new statement introduced reconciling the I & E Account with the surplus or deficit on the General Fund, The Statement of the Movement on the General Fund Balance (SMGFB), page 11.
- Statement of Total Movement in Reserves replaced with a Statement of Total Recognised Gains and Losses (STRGL), page 12.

General Principles

The accounts have been prepared in accordance with;

- the Accounts and Audit Regulations 2003 (as amended in 2006)
- the 2006 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.
- 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 2007.
- 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 2006-7 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.

In 2006-7 the appropriate real discount rate used reduced from 2.5% (5.4% actual) at 31 March 2005 to 2.0% (4.9% actual) at 31 March 2006. As a result the current service cost measured as a percentage of pensionable pay increased from 17.6% in 2005-6 to 19.8% in 2006-7.

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.

In 2005-6 the LGPS rules changed to allow members retiring on or after 6 April 2006 to take a higher lump sum in exchange for a lower retirement benefit. As the commutation terms mean that it is less costly for the scheme to provide lump sum than the pension, as more members take up this option, employers' pension costs are reduced. An initial allowance was made for this in 2005-6 based on the assumption that 50% of members will take up the option to increase their lump sum to the maximum available. The saving was included within Non Distributed Costs. In 2006-7 although the Actuary has found the actual take up rate to be slightly lower than 50%, it is proposed that the assumption be retained for the time being.

The attributable assets of the WYPF have been measured at fair value. The performance has been based on asset splits as at 31 December 2006 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 24 to the main financial statements on page 23 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. After the year of acquisition 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 2006-7 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

Following changes in the 2006 SORP notional interest (asset rentals) is no longer charged to service revenue accounts. In accordance with UK GAAP services are charged only with depreciation.

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 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 34 on page 27).

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.

Post 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.

Income and Expenditure Account

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.

The Income and Expenditure Account has this year replaced the former Consolidated Revenue Account. The change brings local authorities' accounts more into line with UK Generally Accepted Accounting Principles (UKGAAP). Where necessary, 2005-6 figures have been restated to ensure they are directly comparable to 2006-7 figures.

2005-6 Restated Net Expenditure £000	Income and Expenditure Account	2006-7 Gross Expenditure £000	2006-7 Income £000	2006-7 Net Expenditure £000	
<i>Note 3</i>					
	Expenditure on services				<i>Note 5</i>
303,722	Education	478,850	438,417	40,433	
136,490	Social Services	204,044	53,494	150,550	
44,133	Environmental Services	67,066	26,492	40,574	
25,118	Cultural and Related Services	48,330	19,630	28,700	
15,902	Planning and Development Services	48,277	28,357	19,920	
33,884	Highways, Roads and Transport Services	47,411	7,830	39,581	
8,191	General Fund Housing	137,422	127,226	10,196	
5,708	Central Services to the Public	40,859	34,217	6,642	
4,521	Corporate Management	4,438	1,234	3,204	<i>Note 6</i>
4,384	Democratic Representation and Management	4,773	56	4,717	<i>Note 6</i>
-17,567	Non distributed costs	3,423	3,448	-25	<i>Note 6</i>
396	Court and Probation Services	910	534	376	
13,000	Exceptional items – provision for equal pay claims	0	0	0	<i>Note 7</i>
577,882	Net cost of services	1,085,803	740,935	344,868	
600	Loss on the disposal of fixed assets			2,735	<i>Note 23</i>
497	Parish council precepts			579	
-271	Trading services surpluses (-) / deficits			92	<i>Note 12</i>
31,625	Interest payable and similar charges			31,703	<i>Note 13</i>
232	Contribution from (-) to housing capital receipts national pool			-166	<i>Note 22</i>
-4,972	Interest and investment income			-6,596	
8,665	Net pension interest cost and expected return on pensions assets			2,314	<i>Note 24</i>
614,258	Net operating expenditure			375,529	
-131,480	Demand on the Collection Fund			-139,341	
-326,201	General Government grants			-44,514	<i>Note 8</i>
-159,214	Non-domestic rates redistribution			-189,095	
0	Distribution of the Collection Fund surplus			-4,272	
-2,637	Surplus for the year			-1,693	

Statement of Movement on the General Fund Balance

The Income and Expenditure Account discloses income receivable and expenditure incurred and the resulting surplus or deficit for the year measured in accordance with UKGAAP.

For local authorities the income and expenditure required to be charged to the General Fund is determined by statute and by non-statutory proper practices. The amounts in addition to the Income and Expenditure Account surplus or deficit that are required to be charged or credited to the General Fund in determining the movement on the General Fund balance for the year are:

2005-6 £000	Statement of Movement on the General Fund Balance	2006-7 £000	
2,637	Surplus / deficit (-) for the year on the Income and Expenditure Account	1,693	
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the movement on the General Fund balance for the year		
14,448	Depreciation and impairment of fixed assets	18,556	<i>Note 21</i>
-8,242	Government grants deferred amortisation matching depreciation and impairment	-7,227	<i>Note 21</i>
22,337	Deferred charges treated as revenue expenditure but which are classified as capital expenditure by statute	7,724	<i>Note 21</i>
600	Net gain or loss on the disposal of assets	2,735	<i>Note 23</i>
-2,448	Amount by which pension costs charged are different from the contributions due under the pension scheme regulations	12,923	<i>Note 24</i>
	Amounts not included in the Income and Expenditure Account but required to be included by statute when determining the movement on the General Fund balance for the year		
-17,617	Statutory provision for repayment of debt	-17,604	<i>Note 21</i>
-13,236	Capital expenditure charged to the General Fund balance	-5,577	<i>Note 21</i>
232	Transfer to (-) from usable capital receipts equal to the amount payable into the national housing capital receipts pool	-166	<i>Note 22</i>
	Transfers to or from the General Fund balance that are required to be taken into account when determining the movement on the General Fund balance for the year		
-405	Voluntary provision for repayment of debt	-2,718	<i>Note 21</i>
8,175	Net transfer to earmarked reserves	-8,777	<i>Note 14</i>
3,844	Net additional amount required by statute and non-statutory proper practices to be charged or credited to the General Fund balance for the year	-131	
6,481	Increase / decrease (-) in the General Fund balance	1,562	
22,524	General Fund balance brought forward	29,005	
29,005	General Fund balance carried forward	30,567	<i>Note 14</i>

14,112	Amount of General Fund balance held for schools under local management scheme	18,850	
14,893	Amount of General Fund balance generally available	11,717	

Statement of Total Recognised Gains and Losses

Not all gains and losses are reflected in the Income and Expenditure Account. This statement brings together all the recognised gains and losses of the Council for the year. The total is the increase or decrease in the net worth of the authority in the year (movement in total assets less liabilities as shown on the Balance Sheet).

2005-6	Statement of Total Recognised Gains and Losses	2006-7	
£000		£000	
2,637	Surplus / deficit (-) for the year on the Income and Expenditure Account	1,693	
181,995	Surplus / deficit (-) arising on revaluation of fixed assets	38,762	<i>Note 20</i>
17,102	Actuarial gains and losses (-) on pension fund assets and liabilities	76,068	<i>Note 25</i>
	Other gains and losses (-):		
2,929	Movement on the Collection Fund	-3,356	<i>Note 14</i>
275	Capital receipts not arising from asset disposals or loan (long-term debtors) repayments	1,295	<i>Note 22</i>
510	Government grants deferred written out re asset disposals	0	<i>Note 20</i>
205,448	Total Recognised Gains / Losses (-)	114,462	<i>Note 46</i>

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.

Restated 31 March 2006 £000	Balance Sheet	31 March 2007 £000	
	<i>Note 2</i>		
933,180	Tangible fixed assets	1,015,282	<i>Note 35</i>
8,672	Intangible fixed assets	14,186	<i>Note 36</i>
6,000	Long term investment	6,001	<i>Note 40</i>
5,770	Long term debtors	4,977	<i>Note 41</i>
13,433	Deferred premiums	11,967	<i>Note 13</i>
967,055	Total long term assets	1,052,413	
	Current assets:		<i>Note 42</i>
1,143	Stocks and work in progress	1,457	
3,275	Landfill usage allowance	3,219	
64,408	Debtors and payments in advance	75,989	
105,300	Investments	101,700	
44,513	Cash in hand	47,450	
	Less current liabilities		<i>Note 42</i>
95,761	Creditors and receipts in advance	125,337	
17,574	Short term borrowing (repayable within 12 months)	20,526	
15,637	Cash overdrawn	19,454	
89,667	Net current assets	64,498	
1,056,722	Total assets	1,116,911	
	Less:		
439,618	Long term borrowing	424,292	<i>Note 43</i>
22,991	Provisions	24,037	<i>Note 44</i>
6,923	Deferred liabilities	6,673	<i>Note 45</i>
132,257	Government grants deferred	155,961	<i>Note 52</i>
904	Deferred income	803	<i>Note 50</i>
926	Deferred capital receipts	725	<i>Note 51</i>
342,827	Liability related to defined benefit pension schemes	279,682	<i>Note 25</i>
110,276	Total assets less liabilities	224,738	
	Financed by:		
-319,140	Fixed assets restatement account	-290,182	<i>Note 20</i>
1,995	Usable capital receipts reserve	2,664	<i>Note 22</i>
689,246	Capital financing account	703,953	<i>Note 21</i>
-342,827	Pensions reserve	-279,682	<i>Note 25</i>
81,002	Revenue reserves	87,985	<i>Note 14</i>
110,276	Total equity	224,738	<i>Note 46</i>

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.

2005-6 £000	Cash Flow Statement	2006-7 £000	
	Revenue activities: cash outflows		
-441,298	Cash paid to and on behalf of employees	-496,471	
-421,211	Other operating cash payments	-393,644	
-93,749	Housing benefit paid out	-99,774	
-20,772	Precept paid to Police and Fire Authorities	-22,217	
0	Distribution of council tax surplus	-672	
-105,011	Non-domestic rates paid to national pool	-112,766	
-232	Net payments to the capital receipts pool	166	
-1,082,273	Total cash outflows	-1,125,378	
	Revenue activities: cash inflows		
125,746	Council tax receipts	129,386	
105,486	Non-domestic rate receipts from ratepayers	112,889	
159,214	Non-domestic rate receipts from national pool	189,095	
326,201	Revenue Support Grant	36,663	<i>Note 8</i>
93,838	DWP grants for benefits	100,024	
195,708	Other government grants	510,284	<i>Note 56</i>
145,307	Other operating cash	117,168	
1	Disbursement from the Collection Fund and other cash	1	
78	Dividends from associated companies	0	
1,151,579	Total cash inflows	1,195,510	
69,306	Net cash inflow from revenue activities	70,132	<i>Note 53</i>
	Servicing of Finance		
-31,626	Cash outflow –interest paid	-31,703	
4,972	Cash inflow –interest received	6,596	
-26,654	Net cash outflow from servicing of finance	-25,107	
	Capital activities: cash outflows		
-92,133	Purchase of fixed assets	-98,735	
	Capital activities: cash inflows		
25,427	Sale of fixed assets	8,449	
43,663	Capital grants and other receipts	53,155	
-23,043	Net cash outflow from capital activities	-37,131	
19,609	Total net cash inflow before financing	7,894	
-55,000	Management of liquid resources: Net decrease / increase (-) in short-term deposits	3,600	
	Financing		
-29,848	Cash outflows – repayments of amounts borrowed	-18,874	
49,000	Cash inflows -new loans raised	6,500	
19,152	Net cash outflow (-) / inflow from financing	-12,374	
-16,239	Decrease in cash	-880	<i>Note 54</i>

Note 1. Notes to the Main Financial Statements

These notes are provided to give more detailed analysis in support of the main financial statements. They include all the information authorities are required to disclose except that for this authority the following disclosure requirements are not relevant for the 2006-7 Statement of Accounts:

- Acquired or discontinued operations: No significant operations were acquired or discontinued during the year.
- Schemes under the Transport Act 2000 (road user charging and workplace parking levy schemes): The authority has not entered into any such activities.
- Business Improvement District (BID) schemes: No such schemes have been established by the authority.
- Changes in depreciation method: There has been no change to the way fixed assets are depreciated.
- Changes in the basis of amortisation of intangibles: There has been no change to way in which intangible assets are amortised.
- Analysis of net assets used by General Fund services, Housing Revenue Account (HRA) Services and trading services: The authority has no HRA and none of its trading services uses a material level of the overall net assets.
- Capital instruments: The authority has no capital instruments (generally loan debt) listed or publicly traded on a stock exchange.

Note 2. Prior Year Adjustments and Restatements

Adjustments have been made to the balance sheet as at 31 March 2006 in respect of transactions in earlier years:

West Yorkshire Magistrates' Courts Arrangements – Magistrates' courts now manage their own financial affairs. However, in previous years their finances have been managed through joint arrangements between authorities. As a result, at 31 March 2006:

- This authority held £97,605 of debt for which Kirklees and Wakefield councils are financially responsible. The liability of the other councils has now been recognised in the balance sheet through an increase in debtors of £35,715 (debt repayable within 12 months) and an increase in long-term debtors of £61,890.
- Leeds Metropolitan District Council holds £268,628 of debt for which Bradford is financially responsible. This authority's liability has now been recognised in the balance sheet through an increase in creditors of £10,745 (debt repayable within 12 months) and an increase in deferred liabilities of £257,883.

The balancing adjustment in each case is through the capital financing account.

Probation Service Joint Arrangements – The probation Service has been independent of local authorities for a number of years. Previously Bradford provided financial management for the service in West Yorkshire. As a result Bradford holds probation debt of £707,022 on behalf of the other West Yorkshire districts. The liability of the other districts has now been recognised in the balance sheet through an increase in debtors of £58,167 (debt repayable within 12 months) and an increase in long term debtors of £648,855. The balancing adjustment is through long term borrowing.

Prior Year Adjustments to the Balance Sheet at 31 March 2006

	Original Balance £000	Adjustment £000	Restated Balance £000
Long term debtors	5,060	710	5,770
Debtors and payments in advance	64,314	94	64,408
Creditors and receipts in advance	95,750	11	95,761
Long term borrowing	438,911	707	439,618
Deferred Liabilities	6,666	257	6,923
Capital Financing Account	689,417	-171	689,246

The prior year adjustments to the Capital Financing Account have an impact on the authority's capital financing requirement (see Note 21).

Note 3. Changes in Authorities' Reporting Requirements in 2006-7 and Consequent Restatement of 2005-6 Figures

Authorities are required to comply with the Statement of Recommended Practice on Local Authority Accounting in the UK 2006 (the SORP) when preparing their 2006-7 Statements of Accounts. The SORP has introduced changes to the way the authority's performance is reported through its main financial statements.

In 2006-7 the former Consolidated Revenue Account has been replaced by

- The Income and Expenditure Account, which is compliant with UK Generally Accepted Accounting Practices (UK GAAP) and shows the net cost for the year of services provided by the council.
- The Statement of Movement on the General Fund Balance. This recognises that income and expenditure required to be charged to the General Fund is determined by statute and by non-statutory proper practices. The statement shows the amounts in addition to the Income and Expenditure Account surplus or deficit that are required to be charged or credited to the General Fund.

In addition, the new Statement of Total Recognised Gains and Losses replaces the former Statement of Total Movements in Reserves. The new statement brings together all the recognised gains and losses of the authority for the year.

In order to provide comparable previous year's figures for the 2006-7 accounts, the 2005-6 figures have been restated where necessary. The main changes from the 2005-6 Statement of Accounts are set out below and summarised in a table on the next page.

- The Asset Management Revenue Account has been eliminated in accordance with UK GAAP. In order to do this, the notional interest charge to services has been removed, the amortisation of government grants deferred has been credited to services and the cost of interest and similar charges is now shown as a line in the Income and Expenditure Account. These changes reduce the Net Cost of Services by £36.361m but Net Operating Expenditure is unaffected.
- The West Yorkshire Passenger Transport Authority levy is now shown within the net cost of services and increases that cost by £14.642m. Net Operating Expenditure is unaffected.

Notes to the Main Financial Statements

- The net loss on the disposal of assets is now shown in the Income and Expenditure Account. In order to do this, changes have been made to show the current value of assets at the time they were sold. This increases the figures for revaluations and for disposals by £7.354m in both the Fixed Assets Account and the Fixed Assets Restatement Account, although it does not affect the bottom line of those accounts.
- The Government Grants Deferred, Deferred Income and Deferred Capital Receipts accounts have all been reclassified on the balance sheet in accordance with the SORP. They are now shown within the authority's assets and liabilities. This change reduces

the "Total Assets less Liabilities" figure and the "Total Equity" figure by £134.258m (from £244.534m to £110.276m).

The explanatory notes have been amended where necessary to reflect these changes and the impact on the comparative figures in the I & E Account for 2005-6 shown in the table below.

	2005-6 Published Consolidated Revenue Account	2005-6 Removal of capital financing charges	2005-6 Relocation of government grants deferred credits	2005-6 Recognition of gains & losses on disposal of fixed assets & regrouping of WYPTA	2005-6 Restated
	£000	£000	£000	£000	£000
Expenditure on services					
Education	318,325	-11,034	-3,569		303,722
Social Services	137,569	-1,020	-59		136,490
Environmental Services	45,072	-597	-342		44,133
Cultural and Related Services	31,287	-4,126	-2,043		25,118
Planning and Development Services	17,449	-1,228	-319		15,902
Highways, Roads and Transport Services	26,829	-6,574	-1,013	14,642	33,884
General Fund Housing	8,319	-128			8,191
Central Services to the Public	5,708				5,708
Corporate Management	4,521				4,521
Democratic Representation and Management	4,384				4,384
Non distributed costs	-13,258	-3,412	-897		-17,567
Court and Probation Services	396				396
Exceptional items – provision for equal pay claims	13,000				13,000
Impact on Net cost of services	599,601	-28,119	-8,242	14,642	577,882
Loss on the disposal of fixed assets	0			600	600
West Yorkshire Transport Levy	14,642			-14,642	0
Parish council precepts	497				497
Trading services surpluses (-) / deficits	-271				-271
Interest payable and similar charges	-4,736	28,119	8,242		31,625
Contribution from (-) to housing capital receipts national pool	232				232
Interest and investment income	-4,972				-4,972
Net pension interest cost and expected return on pensions assets	8,665				8,665
Impact on Net operating expenditure	613,658	0	0	600	614,258

Note 4. The Income and Expenditure Account and the Movement on the General Fund Balance

The changes in presentation introduced in the Statements of Accounts in 2006-7 make authorities' accounts more consistent with UK GAAP and with the accounts of companies. However, in interpreting the authority's accounts it is important to recognise that:

- The Income and Expenditure Account (I &E) only takes account of those amounts chargeable in accordance with generally accepted accounting practices and the surplus or deficit on the account is not the authority's total revenue surplus or deficit for the year.
- There are other revenue amounts that must be charged or credited by the authority in accordance with statute and non-statutory proper practices. These are shown in the Statement of Movement on the General Fund Balance with references to explanatory notes for supporting information and explanations.
- The Statement of Movement on the General Fund Balance is now the key statement in showing the overall revenue position for the year. A revenue underspending or overspending for the year is shown as an increase or decrease in the General Fund Balance.

In 2006-7 there was a surplus for the year on the I & E Account of £1,693,000. The net increase on the General Fund balance was £1,562,000. This included £4,738,000 increase in school balances and a decrease of £3,176,000 on the General Fund balance.

Note 5. 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 6. 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.

Note 7. Exceptional Items

In 2005-6 the creation of a provision for compensation claims under equal pay legislation gave rise to a £13m exceptional item. In 2006-7 there were no exceptional items.

Note 8. Government grants (not attributable to specific services)

Revenue grants that do not relate to the performance of a specific service are grouped together and shown as income in the Income and Expenditure Account. In 2006-7 the authority received the following:

2005-6		2006-7
£000		£000
326,201	Revenue Support Grant	36,663
0	Local Authority Business Growth Initiative (LABGI)	6,809
0	Public Service Agreement (PSA)	1,042
326,201	Total	44,514

In 2006-7 a ring fenced Dedicated Schools Grant (DSG) replaced support previously provided through Revenue Support Grant. DSG has been accounted for as part of the net cost of Education.

Note 9. Obligations Under Long-Term Contracts

Bradford-i

Bradford-i is a 10 year contract with IBM UK Ltd and SERCO who are a subcontractor for the provision of ICT services. The contract provides for a modernised platform & replacement of the main financial systems as well as an integrated revenues and benefits system.

The contract value is £158.5m with the upfront investment being provided by IBM UK Ltd via IBM Global Financing organisation. The costs relating to the financing are included within the annual service charge and only upon termination of the contract will early debt repayment fall due.

Building Schools for the Future (BSF)

In December 2006 under the BSF programme the Council entered into a ten year Local Education Partnership (LEP) with Integrated Education Bradford. Under the terms of this partnership the LEP will enjoy exclusivity in the provision of capital works to all the authority's secondary schools for ten years.

Phase 1 of the contract comprises the building of three new schools at Buttershaw High, Salt Grammar and Tong, together with the provision of facilities management and maintenance for the next 25 years. The total cost of the service (excluding utilities) is £313m and the service will commence in the summer of 2008. The Council has secured funding support from the DfES via PFI credits which total £225m over the 25 year contract.

Allied to the PFI contracts the Council has entered into a 5 year ICT contract with the LEP. The cost of the contract is £8.6m, of which DfES support of £6.9m has been secured.

At 31 March 2007 Phase 2 was at the planning stage. Schools in this phase have an anticipated opening date of 2009.

Note 10. Leasing

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 2006-7 were £3.2m (£3.8m in 2005-6).

Land and Buildings - The total of rents payable in 2006-7 accounted for as operating leases was £1.9m (£1.3m in 2005-6).

Authority as Lessor – Rentals receivable by the authority in respect of operating leases in 2006-7 were £4.5m (£5.4m in 2005-6). The £0.9m reduction was mainly due to the sale of the Kirkgate Shopping Centre.

The Council was committed at 31 March 2007 to make payments of £4.6m under operating leases in 2007-8, comprising the following elements:

Analysis of Operating Leases		
Leases Expiring:	Other Land & Buildings £000	Vehicles, Plant & Equipment £000
In 2007-8	249	83
Between 2008-9 and 2011-2	1,153	2,599
After 2011-2	476	42
Total payment due in 2007-8	1,878	2,724

With regard to the authority's activities as a lessor the gross value of assets held at 31 March 2006 for use in operating leases was £116.0m (£96.7m at 31 March 2005) and subject to depreciation of £2.3m (£1.2m in 2005-6).

Note 11. 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 deficit of £114,000.

Building Regulations 2004-5 to 2006-7				
	2004-5 £000	2005-6 £000	2006-7 £000	Total £000
Expenditure	1,295	1,473	1,455	4,223
Income	1,258	1,437	1,414	4,109
Deficit	37	36	41	114

Note 12. 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 2006-7.

Trading Services Surplus (-) / Deficit			
2005-6 Surplus (-) /Deficit £000	2006-7 Turnover £000	2006-7 Surplus (-) /Deficit £000	
-199	School and welfare catering	13,547	187
-70	Non Bradford school catering	1,707	-80
8	Other catering	588	-20
68	Building cleaning	3,160	5
-78	Airport dividend		0
-271	Total	19,002	92

Trading Services Included in Net Cost of Services			
2005-6 Surplus (-) /Deficit £000	2006-7 Turnover £000	2006-7 Surplus (-) /Deficit £000	
-526	Markets	2,884	-506
-252	Car parks	1,989	-932
70	Trade refuse	3,578	55
36	Building control charges	1,414	41
-672	Total	9,865	-1,342

The services have been shown in the Income and Expenditure 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.

£368,620 of the market surplus was used to fund ongoing capital investment in the authority's markets.

Note 13. Interest Payable and Deferred Premiums

External interest costs are paid by the authority on loans raised to finance capital expenditure.

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 and discounts received on early repayment are charged to revenue over the life of the replacement loans.

Interest Payable and Similar		2006-7
2005-6 Charges £000		£000
30,800	External interest charges	32,868
825	Charge re deferred premiums	-1,165
31,625	Total	31,703

The balance of premiums not yet charged to revenue is shown in the balance sheet as a deferred premium. Net discounts of £1,165,000 were received in respect of the early repayment and replacement of loans in 2006-7.

2005-6 £000	Deferred Premiums	2006-7 £000
7,210	Balance brought forward	13,433
7,048	Costs incurred in the year	-301
-825	Charged to revenue in the year	-1,165
13,433	Balance at the year end	11,967

Note 14. Movements on Reserves

Balance 31 March 2006 £	Analysis of Movements on Reserves	Gains or Losses(-) 2006-7 £	Other Transfers 2006-7 £	Balance 31 March 2007 £	
-319,140	Fixed Asset Restatement Account		28,957	-290,183	<i>Note 20</i>
689,417	Capital Financing Account		14,536	703,953	<i>Note 21</i>
1,995	Usable Capital Receipts Reserve		669	2,664	<i>Note 22</i>
-342,827	Pensions Reserve	76,068	-12,923	-279,682	<i>Note 25</i>
	Revenue Reserves				
	Earmarked Reserves				
13,032	Renewal and Replacement Reserve		-204	12,828	<i>Note 17</i>
4,526	Other Earmarked (Corporate)		13,845	18,371	<i>Note 18</i>
19,629	Other Earmarked (Service)		-4,864	14,765	<i>Note 19</i>
37,187	Total Earmarked Reserves		8,777	45,964	
14,810	Collection Fund		-3,356	11,454	<i>Note 15</i>
14,112	School Balances		4,738	18,850	<i>Note 16</i>
14,893	General Fund Balance		-3,176	11,717	
81,002	Total Revenue Reserves		6,983	87,985	

Note 15. 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 credited to the Income and Expenditure Account. The Collection Fund Statement is shown on page 35.

Note 16. General Fund Balance

A net £30,567,433 underspending has been carried forward to 2007-8. This includes £18,849,736 carried forward for schools under delegated budgets.

The balance of £11,717,697 is set aside to provide for unforeseen events and to assist cash flow management. All authorities are expected to maintain such a balance at a prudent level.

Note 17. Renewal and Replacement Reserve

This provides funds to finance capital expenditure and to manage and optimise capital resources. The balance at 31 March 2007 is £12,828,394. 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).

Note 18. Other Earmarked Reserves (Corporate)

The following corporate earmarked reserves are held:

- **Change Programme Reserve:** In 2006-7 a net contribution of £2,168,000 was made to 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. The balance at 31 March 2007 is £3,519,000.
- **Single Status:** A decision to create a Single Status Reserve of £6,500,000 was taken as part of the 2007-8 budget process.
- **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.

- **Managed Severance Reserve:** £2,085,000 has been set aside to meet the costs of managed severance to facilitate restructuring.

Note 19. Other Earmarked Reserves (Service)

These include the Better Use of Budgets Reserve used in accordance with the authority's financial regulations for services to carry forward resources from one year to another to match their operational spending requirements.

Other Earmarked reserves are held for services for specific purposes. The balance at 31 March 2007 includes building works £2,727,783, and also an earmarked amount of £1,545,200 in respect of schools non-domestic rate refunds.

Note 20. 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.

The unrealised gains resulting from the revaluation of fixed assets are reflected in the Statement of Total Recognised Gains and Losses (see page 14).

2005-6 £000	Fixed Asset Restatement Account	2006-7 £000
-476,192	Balance at 1 April	-319,140
181,995	Unrealised gains from revaluation of fixed assets	38,762
-25,453	Value of assets sold	-9,804
510	Write-out of Government Grants Deferred on disposal of assets	0
-319,140	Balance at 31 March	-290,182

Note 21. 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.

2005-6	Capital Financing Account	2006-7
£000		£000
663,801	Balance at 1 April	689,417
	Prior year adjustments (Note 2)	-171
	Restated balance at 1 April	689,246
10,200	Capital receipts set aside as provision for credit liabilities	0
13,000	Capital receipts applied to fund capital investment	7,946
13,236	Charge to General Fund for the funding of capital expenditure	5,577
-10,521	Transfer from to(-) General Fund re capital charges and the repayment of external loans	1,269
-299	Write-down of long-term debtors	-85
689,417	Balance at 31 March	703,953

Capital Receipts

When capital receipts are used either to repay debt or to fund capital investment, they are transferred from the Capital Receipts Unapplied Reserve to the Capital Financing Account.

Capital Expenditure Charged to General Fund Balance

Authorities are allowed to finance capital expenditure through their revenue accounts. The expenditure is not shown in the Income and Expenditure Account but is charged to the General Fund and is therefore shown in the Statement of Movement on the General Fund Balance.

Capital Charges and the Repayment of External Loans

Services have been charged or credited within the Income and Expenditure Account for:

- The depreciation and impairment of fixed assets.
- The amortisation of grants used on the acquisition of assets (government grants deferred).
- Expenditure on deferred charges (see Note 38 on page 29).

These charges are not required by statute and have therefore been removed when calculating the Movement on the General Fund Balance.

In their place, the authority is required to make a statutory minimum revenue provision for the repayment of debt. The authority has also observed good practice in making an additional voluntary provision in respect of prudential borrowing. These charges are shown in the Statement of Movement on the General Fund Balance.

These changes are reflected in a transfer to or from the Capital Financing Account:

2005-6	Capital Charges and the Repayment of External Loans	2006-7
£000		£000
	Charges to services removed	
14,448	Depreciation	18,556
-8,242	Amortisation of capital grants	-7,227
22,337	Deferred charges	7,724
	Charges re provision for repayment of external loans	
-17,617	Statutory minimum	-17,604
-405	Additional voluntary amount	-2,718
10,521	Net Effect: Increase/ Decrease(-) in General Fund Balance	-1,269

Note 22. 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 £79,000 to the pool in 2006-7 (£232,000 in 2005-6). Following audit of the 2005-6 contribution, the authority reopened its 2005-6 and 2004-5 contributions and received a refund of £245,000. After taking account of the 2006-7 contribution, the net refund of £166,000 has been credited to the Income and Expenditure Account.

The authority is required to make a corresponding transfer to or from the Usable Capital Receipts Reserve to offset the contribution to the pool. This transfer is shown in the Statement of Movement on the General Fund Balance.

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.

2005-6	Usable Capital Receipts Reserve	2006-7
£000		£000
0	Balance at 1 April	1,995
	Usable receipts in the year	
24,853	Disposal of assets	7,069
574	Other capital receipts	1,380
-232	Appropriation to (-) from Revenue Account re pooled housing receipts	166
-13,000	Used to finance capital spending	-7,946
-10,200	Used for debt repayment	0
1,995	Balance at 31 March	2,664

Most capital receipts arise from the disposal of assets but other capital receipts may arise, mainly where the authority has given a loan or other assistance for capital purposes. These receipts are used where appropriate to write down the long term debtor in the authority's books. The balance of receipts not so used is shown as a gain in the Statement of Total Recognised Gains and Losses.

2005-6	Capital Receipts Not Arising From Asset Disposals	2006-7
£000		£000
574	Receipts in the year	1,380
-299	Used to write-down long-term debtors and recognised in the Capital Financing Account	-85
275	Gain	1,295

Note 23. Profit or Loss on the Disposal of Assets

Profits or losses arising on the disposal of assets are charged to the Income and Expenditure Account. Profits or losses arise where the authority has either achieved a sale price above the market value or disposed of assets at below market value.

The Council disposed of two assets, land at Holme Top and Manchester Road/Newall Street at below market value during the year to Bradford Trident. As a result the council made a £2,735,000 loss in connection with disposals in the year (£600,000 loss in 2005-6).

Although generally accepted accounting practice requires any profit or loss to be charged to the Income and Expenditure Account, there is no statutory duty on local authorities to make such a charge. The charge is therefore removed when calculating the movements on the General Fund balance for the year.

Note 24. 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 2006-7 in respect of Bradford members of the West Yorkshire Pension Fund was 11.9%. The capitalised cost of early retirement in 2006-7 absorbed within the employer contribution rate of 11.9% was £2.756m (£2.443m in 2005-6). There were 60 early retirements (excluding ill-health early retirements) in 2006-7.

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 2006-7 was 13.5% until 31 December 2006 and 14.1% from 1 January 2007.

Pension Costs as a Percentage of Pensionable Pay					
2005-6 Costs			2006-7 Costs		
£000	%		£000	%	
		Local Government Pension Scheme			
19,836	10.8	Employer contributions	23,572	11.9	
3,290	1.80	Added years costs	3,465	1.75	
		Teachers Pension Scheme:			
14,635	13.5	Employer contributions	16,073	14.1	
4,941	4.5	Added years costs	5,155	4.5	

Pension costs are charged to the Income and Expenditure Account in accordance with FRS17. They are:

- The cost of retirement benefits 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.
- The interest cost inherent in the scheme and the expected return on assets. These are charged to net operating expenditure.

The statutory amount to be charged against the General Fund balance differs from the above and is the total contribution paid by the authority under the pension fund regulations. An adjustment is therefore made within the Statement of Movement on the General Fund:

2005-6			Pension Costs Reported Under FRS17			2006-7		
Local Government Pension Scheme	Teachers Voluntary Early Retirement	Total		Local Government Pension Scheme	Teachers Voluntary Early Retirement	Total		
£000	£000	£000		£000	£000	£000		£000
32,285	0	32,285	Current service cost	39,178	0	39,178		
-15,331	0	-15,331	Past service cost / gain (-)	2,640	983	3,623		
16,954	0	16,954	Charged to net cost of services	41,818	983	42,801		
57,764	3,808	61,572	Interest cost	60,747	3,567	64,314		
-52,907	0	-52,907	Expected return on assets in the scheme	-62,000	0	-62,000		
4,857	3,808	8,665	Charge to net operating expenditure	-1,253	3,567	2,314		
21,811	3,808	25,619	Total costs included in Income and Expenditure Account surplus or deficit	40,565	4,550	45,115		
1,315	1,133	2,448	Amount by which pension costs charged differ from contributions due under the pension scheme regulations	-13,528	605	-12,923		
23,126	4,941	28,067	Total amount charged to the General Fund balance	27,037	5,155	32,192		

Note 25. Pensions Reserve: 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:

2005-6			Underlying Assets and Liabilities			2006-7		
Local Government Pension Scheme	Teachers Voluntary Early Retirement	Total		Local Government Pension Scheme	Teachers Voluntary Early Retirement	Total		
£m	£m	£m		£m	£m	£m		
1,236	75	1,311	Present value of scheme liabilities	1,245	73	1,318		
968	0	968	Market value of assets	1,038	0	1,038		
268	75	343	Pension Reserve Deficit	207	73	280		

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 of assets and liabilities are:

1 April 2006	Local Government Pension Scheme	31 March 2007
Financial assumptions		
2.9%	Rate of inflation	3.1%
4.65%	Rate of increase in salaries	4.85%
2.9%	Rate of increase in pensions	3.1%
4.9%	Discount rate	5.4%
Expected rate of return on assets		
7.0%	Equities	7.5%
4.3%	Government bonds	4.7%
4.9%	Other bonds	5.4%
6.0%	Property	6.5%
4.50%	Cash/ liquidity	5.25%
7.0%	Other	7.5%

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 2006		31 March 2007	
£m	%	£m	%
715.4	73.9	763.8	73.6
66.8	6.9	75.7	7.3
46.4	4.8	42.5	4.1
49.4	5.1	55.0	5.3
60.0	6.2	54.0	5.2
30.0	3.1	46.7	4.5
968.0	Total	1037.7	

The estimated pension net liability was £343m at 31 March 2006 and £280m at 31 March 2007. Of the net reduction of £63m, £74m 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 at 31 March each financial year.

	2002-3		2003-4		2004-5		2005-6		2006-7	
	£000	%	£000	%	£000	%	£000	%	£000	%
Local Government Pension Scheme										
Difference between expected and actual return on assets	-220,980	-34.7	102,255	13.2	46,452	6.0	141,301	14.6	11,372	1.1
Difference between actuarial assumptions on liabilities and actual experience	0		0		-54,260	5.1	-23,719	-1.9	0	
Changes in demographic and financial assumptions affecting the estimation of liabilities	0		0		-177,624	16.6	-96,973	-7.8	62,614	5.0
Total	-220,980		102,255		-185,432		20,609		73,986	
Teacher's Voluntary Early Retirement Benefits										
Difference between expected and actual return on assets	0		0		0		0		0	
Difference between actuarial assumptions on liabilities and actual experience	0		1,537	2.4	-915	1.3	0		0	
Changes in demographic and financial assumptions affecting the estimation of liabilities	0		0		-7,921	-10.9	-3,507	-4.7	2,082	2.9
Total	0		1,537		-8,836		-3,507		2,082	
Total Gain / Loss (-)	-220,980		103,792		-194,268		17,102		76,068	

Note 26. Members' Allowances

The total amount paid in respect of members' allowances in 2006-7 was £1,862,704 (£1,578,000 in 2005-6).

Note 27. Employees' Emoluments

Authorities are required to disclose information on employees' emoluments. Remuneration 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

For 2006-7 the definition has been amended to include employees' pension contributions. The 2005-6 figures have been restated accordingly.

Restated Number of Employees 2005-6	Employees Emoluments	Number of Employees 2006-7
149	£50,000 - £59,999	198
42	£60,000 - £69,999	61
16	£70,000 - £79,999	22
10	£80,000 - £89,999	10
6	£90,000 - £99,999	7
3	£100,000 - £109,999	6
2	£110,000 - £119,999	3
1	£120,000 - £129,999	0
2	£130,000 - £139,999	1
0	£140,000 - £149,999	1
0	£150,000 - £159,999	0

Note 28. 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 2006-7 the Council made no such contributions (£40,000 in 2005-6).

Note 29. 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 £1,099,000 (£1,047,000 in 2005-6) and the related expenditure was £1,093,000 (£1,042,000 in 2005-6). The 2005-6 figures have been increased to reflect additional income and expenditure identified.

Note 30. 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:

2005-6 £000	Publicity Expenditure	2006-7 £000
2,025	Staff recruiting and property advertising	2,221
3,273	Publicity and promotional services	3,311
5,298	Total	5,532

The 2005-6 figures have been increased to reflect additional expenditure identified.

Note 31. External Audit Costs

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

2005-6 £000	External Audit Costs	2006-7 £000
	Fees payable under the Audit Commission Act 1998 for:	
387	General audit services	415
186	Certification of grant claims and returns	190
47	Special Projects	0
28	Fees payable to the audit commission in respect of statutory inspection	31
34	Audit of West Yorkshire Pension Fund	37
682	Total	673

Note 32. 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 2006-7 the Highways Agency reimbursed the Council a net £42,000 for traffic signal works (£538,553 in 2005-6 for residual improvements).

Note 33. 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. The four Primary Care Trusts merged on 1 October 2006 to form the Bradford and Airedale Primary Care Trust. A summary of contributions and expenditure is shown below.

2005-6 £000	Pooled Fund Memorandum Account Funding	2006-7 £000
1,003	Bradford Metropolitan District Council	1,036
265	Airedale Primary Care Trust	136
175	North Bradford Primary Care Trust	90
235	South and West Bradford Primary Care Trust	121
318	Bradford City Primary Care Trust	164
0	Bradford & Airedale Primary Care Trust	524
1,996	Total Funding	2,071
	Expenditure	
1,414	Community equipment	1,495
437	Staffing	439
145	Infrastructure and running costs	137
1,996	Total Expenditure	2,071

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 2006-7 were £116.387m (£110.295m in 2005-6). The council's contribution in 2006-7 was £23.269m (£ 19.606m in 2005-6).

Note 34. 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 16).

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 2006-7 it charged the Fund £590,000 in respect of support services provided (£519,000 in 2005-6). 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:

2005-6 £000	Other Public Bodies	2006-7 £000
	Payment of precepts & distribution of collection fund surplus:	
6,019	West Yorkshire Fire and Civil Defence Authority	6,631
14,753	West Yorkshire Police Authority	16,258
497	Parish Councils	579
16,988	Payments to joint committees, joint services and other bodies	21,553
5	Parish Councils (running expenses & parish plans)	37

Subsidiary and Associated Companies

The Council had financial relationships in 2006-7 with the following companies. Their assets and liabilities are not included in the Council's accounts. Transactions with the companies in 2006-7 were:

2005-6 £000	Subsidiary and Associated Companies	2006-7 £000
-218	Leeds Bradford International Airport Limited	-138
400	Bradford City Centre Urban Regeneration Company Limited	400
0	Building Schools for the Future Ltd	94
	Integrated Bradford LEP Ltd	1
-1	Bradford Bovis Social Partnership Limited	0

Details of the Council's investment in Leeds Bradford International Airport Limited and Integrated Bradford LEP Ltd are shown in Note 40, page 29.

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 2006-7 they show a net surplus before and after tax of £90,024. (Net loss of £108,943 in 2005-6).

BMDC Building Schools for the Future Ltd, (6015434) is a wholly owned subsidiary of Bradford Council. It was incorporated in December 2006 with the sole purpose to loan on a back to back basis £94,080 to Integrated Bradford LEP Finco One Ltd (5797779). The company's first year end is March 2008 and financial accounts will be available from Financial Services, Britannia House, Hall Ings Bradford BD1 1HX.

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 49.

Note 35. 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.) Revaluations are planned through a five year rolling programme. 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	Vehicles, Plant and Equipment	Infra-structure Assets	Community Assets	Investment and Non Operational	Total
	£000	£000	£000	£000	£000	£000
Certified valuation at 31 March 2006	679,401	14,824	167,434	26,103	99,879	987,641
Accumulated depreciation and impairment	-20,065	-4,458	-29,938	0	0	-54,461
Net book value at 31 March 2006	659,336	10,366	137,496	26,103	99,879	933,180
Additions	49,329	5,472	15,129	245	657	70,832
Disposals	-2,674	0	-130	-746	-6,254	-9,804
Revaluations and adjustments	32,100	0	120	9	6,533	38,762
Depreciation for year	-9,800	-2,552	-5,131	0	-205	-17,688
Net book value at 31 March 2007	728,291	13,286	147,484	25,611	100,610	1,015,282

Information on Assets Held

The numbers of assets held on the register include the following:

31 March 2006		31 March 2007		31 March 2006		31 March 2007
	Other land and buildings				Other land and buildings cont	
7	Nursery schools	7		3	Theatres	3
159	Primary schools	158		17	Youth centres	17
28	Secondary schools	28		6	Children's homes	5
11	Special schools	11		14	Elderly persons' homes	14
97	Car parks	97		34	Centres for people with learning difficulties	34
26	Cemeteries and crematoria	26				
58	Industrial units and workspaces	57			Infrastructure assets	
20	Libraries	19	1,626 km		Roads	1,626km
5	Museums	5			Community assets	
13	Public halls	13	108		Parks and open spaces	108
168	Recreation grounds	167				
13	Recreation centres (including swimming pools)	13				

Note 36. 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 £14.2 million of Intangible Assets consists of software licences and IT systems development and is amortised on a straight-line basis for each individual asset.

	£000
Value as at 31 March 2006	
Assets at cost	8,672
Accumulated amortisation	0
Net book value at 31 March 2006	8,672
Additions	6,381
Amortisation	-867
Net book value at 31 March 2007	14,186

Note 37. Capital Expenditure and Financing

2005-6 £000		2006-7 £000
438,614	Opening Capital Financing Requirement	439,936
	Prior year adjustments (see Note 2) to the Capital Financing Account	171
	Restated Opening Capital Financing Requirement	440,107
	Capital Investment:	
59,213	Tangible fixed assets	70,832
8,672	Intangible assets	6,381
27,567	Deferred charges	19,225
0	Long term debtor	94
0	Equities	1
	Sources of Finance:	
-23,200	Capital receipts	-7,946
-39,673	Grants and other contributions	-42,433
-31,257	Revenue provision	-25,898
439,936	Closing Capital Financing Requirement	460,363
	The movement in the year reflects an underlying need to increase or decrease (-) borrowing:	
-4,873	Borrowing supported by Government financial assistance	773
6,195	Borrowing not supported by Government financial assistance	19,483
1,322	Total Movement	20,256

Note 38. 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

There was no balance brought forward at the start of the year. The cost of deferred charges in the year was £19,225,000 (£27,567,000 in 2005-6) and grants of £11,501,000 (£5,230,000 in 2005-6) were used to fund the deferred charges. The net cost of £7,724,000 (£22,337,000 in 2005-6) 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 21 on page 22). No balance was carried forward in respect of deferred charges.

Note 39. 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	13,000
Forensic Science Centre	5,091
Schools Formula Grant	13,008
Replacement of vehicles	15,000
Manywells Landfill Remediation	3,187
Schools Modernisation Grant	6,931

Note 40. Long Term Investment

This represents the Council's interest in:

Leeds Bradford International Airport Ltd. (LBIA Ltd)

At 31 March 2007 the Council had a 40% interest, holding £6.0m of the total issued share capital of £15m. If the airport had ceased trading in 2006-7 the authority would have received 40% of the assets. There was 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 2006-7 was subject to final board approval.

Profit before tax £1,609,000 (£788,000 in 2005-6)
 Profit after tax £1,081,000 (£571,000 in 2005-6)
 Assets £36,108,000 (£34,187,000 in 2005-6), before dividend

On the 3 May 2007 the sale of LBIA Ltd to the private equity group Bridgepoint Capital was completed. The Council received a net £51.5m for its 40% stake in the company.

Integrated Bradford LEP Ltd – Company no. 5797774

In December 2006 the Council took a £1000, 10% interest in the Local Education Partnership, Integrated Bradford LEP Limited. The remaining equity is held by Partnership for Schools (PfS) 10%, and 80% by private sector partners Amey & Costain. The company has been set up to deliver the capital investment programme in Bradford secondary schools funded through the government initiative Building Schools for the Future.

Note 41. Long Term Debtors

These represent the value of long term advances granted by the Council. The balance at 31 March 2006 has been restated to reflect prior year adjustments (see Note 2).

The £803,000 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 50 on page 31.

31 March 2006 £000		31 March 2007 £000
892	Former council house tenants	691
15	Housing advances	7
603	Leeds Bradford Airport Debenture	526
904	Waste Management SSA	803
2,612	Car loans	2,206
710	Other local authorities re joint services	617
0	Building Schools for the Future Ltd	94
34	Other	33
5,770	Total	4,977

Note 42. Net Current Assets

31 March 2006	Stocks and Work in Progress	31 March 2007
£000		£000
	Stocks:	
113	Trading services	67
1,030	Other	1,390
1,143	Total	1,457

Trading services stock at 31 March 2006 has been restated so as to agree with the services classified as trading services in the first table in Note 12, page 20.

Landfill Usage Allowance

The Waste and Emissions Trading Act 2003 places a duty on waste disposal authorities to reduce the amount of biodegradable municipal waste (BMW) disposed to landfill. At 31 March 2006 the authority's estimated 2005-6 BMW land usage of £3.009m was netted off the full value of landfill allowances allocated to the authority for 2005-6, £3.275m. At 1 April 2006 a prior year adjustment has been made to reclassify the estimated 2005-6 land usage as a provision (see Note 44, page 31). The balance on the landfill usage account at 31 March 2007 represents the attributable value of 179,005 (162,134 in 2005-6) allowances allocated to the authority under the Landfill Allowances Trading Scheme (LATS).

Debtors and Payments In Advance

Restated 31 March 2006	Analysis of Debtors and Payments in Advance	31 March 2007
£000		£000
	Note 2	
	Amounts falling due within one year	
22,138	Government departments	20,727
214	Other local authorities	176
407	Customs and Excise	5,779
26	Inland revenue	22
16,265	Council tax/ community charge/ non-domestic ratepayers	20,383
35,295	Sundry	40,140
74,345	Total	87,227
	Less provision for bad and doubtful debts	
5,342	Collection Fund	6,124
4,595	Other	5,114
64,408	Net Total	75,989

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 £47,450,000 and cash overdrawn of £19,454,000 giving a net cash figure of £27,996,000 in hand at 31 March 2007 (£28,876,000 at 31 March 2006). 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 2007 the authority had invested £6.4m on this basis (£9m at 31 March 2006).

Creditors and Receipts in Advance

Restated 31 March 2006	Analysis of Creditors and Receipts in Advance	31 March 2007
£000		£000
	Note 2	
	Amounts falling due within one year	
21,550	Government departments	28,886
982	Other local authorities	366
5,452	Inland Revenue	8,255
33	Customs and Excise	63
6,742	Staff payroll	7,899
8,920	Developers contributions	12,867
52,082	Sundry	67,001
95,761	Total	125,337

In 2005-6 all capital grant receipts in advance were reported as sundry creditors. In 2006-7 they have been reclassified as either government department grants or developers contributions.

Note 43. Long Term Borrowing

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

Restated 31 March 2006	Long Term Borrowing	31 March 2007
£000		£000
	Note 2	
	Source of loan and interest rate range :	
403,418	Public Works Loan Board (3.7% to 10.25%)	393,692
36,200	Commercial Bank (3.2% to 4.5%)	30,600
439,618		424,292
	Analysis of loans:	
15,326	Maturing in 1 - 2 years	10,374
33,658	Maturing in 2 - 5 years	36,067
107,298	Maturing in 5 - 10 years	120,449
72,108	Maturing in 10 - 15 years	61,684
211,229	Maturing in more than 15 years	195,718
439,618		424,292

Note 44. Provisions

31 March 2006	Movements in Provision Balances	Transfers 2006-7	31 March 2007
£000		£000	£000
13,000	Equal Pay Claims	-1,081	11,919
6,819	Insurance	2,634	9,453
3,009	Landfill Allowances	-344	2,665
163	Other	-163	0
22,991	Total	1,046	24,037

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 has sought to negotiate a settlement of these potential claims. In 2006-07, £1,080,716 had been settled. There is expected to be further settlements in 2007-08. As a liability exists at 31 March 2007, 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:

31 March 2006	Analysis of Insurance Provision	31 March 2007
£000		£000
289	Property	246
6,152	Liability	8,769
377	Motor	438
1	Other	0
6,819	Total	9,453

Landfill allowances - Under the terms of the LATS scheme a provision has been created for the estimated number of allowances, 148203 tonnes (148975 2005-6) required to discharge the BMW landfill usage for the year. Six months after the year end the landfill usage is verified and the liability settled. See Note 42, page 30.

Note 45. 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 2007 was £5,898,473 (£6,144,243 at 31 March 2006).

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 46. 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 £114,462,000, from £110,276,000 at 31 March 2006 to £224,738,000 at 31 March 2007. This movement is explained in the Statement of Total Recognised Gains and Losses on page 14.

Note 47. Contingent Liabilities and Assets

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

Pension Cases

Currently there are a small number of 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 (AMP)

In light of the Council's decision to terminate the AMP and the concluded investigation into the management of the procurement process, legal proceedings against the Council have commenced.

The likelihood and level of any costs arising from such actions cannot be judged at this stage. The Council is currently resisting both the legal actions and the informal demand.

Equal Pay Claims – Single Status

Single Status is the process of job evaluation and harmonisation of former officer and manual worker terms and conditions, which dates from the 1997 Single Status agreement. In 2005-6 the council estimated the costs at £13m and capitalised these under direction from the Secretary of State under Section 16(2)(b) of the Local Government Act 2003. The process of making compensation payments is currently underway however until all of the claims have been settled the adequacy of this resource will not be known.

Note 48. Authorisation for the Issue of the Statement of Accounts

Authorisation for the Issue of the Statement of Accounts
The Strategic Director, Corporate Services authorised the issue of the Statement of Accounts on 26 June 2007 for consideration by the Executive and submission for approval by the Corporate Governance and Audit Committee on 27 June .

Note 49. Post Balance Sheet Events

The authority's Balance Sheet on page 13 shows a £6m long term investment in LBIA Ltd. On 3 May 2007, the sale of the airport to Bridgepoint Capital was completed. The Council subsequently received a net £51.5m capital receipt for its 40% stake in the company.

Note 50. 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 2007 was £803,256. See also Note 41 on page 29.

Note 51. Deferred Capital Receipts

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

Note 52. Government Grants Deferred

These are capital grants used to finance the purchase or enhancement of the authority's fixed assets. The grant is amortised (credited to the Income and Expenditure Account) over the same period as the asset is depreciated. The amount amortised each year is credited to the net cost of services.

2005-6 £000	Government Grants Deferred	2006-7 £000
109,788	Balance brought forward	132,257
31,221	Grants deferred in the year	30,931
-510	Disposals	0
-8,242	Grant amortised and credited to services in the year	-7,227
132,257	Balance at the year end	155,961

Note 53. Reconciliation of the Surplus on Revenue Accounts to Revenue Activities Net Cash Flow

2005-6 £000	Reconciliation of the Surplus on Revenue to Revenue Activities Net Cash Flow	2006-7 £000
2,637	Net surplus for year on the Income and Expenditure Account	1,693
	Add back:	
4,358	Net depreciation, losses on disposal assets and pension adjustment	26,987
	Items on accruals basis:	
-3,241	Increase in stocks	-258
-2,620	Increase in amounts due to Council	-9,959
6,184	Increase in amounts due from Council	29,576
	Items classified elsewhere on the cash flow statement:	
31,626	Interest paid	31,703
-4,972	Interest received	-6,596
-7,311	Capital accruals	-8,428
22,337	Deferred charges	7,724
	Non cash items:	
20,308	Movement on the Collection Fund and provisions	-2,310
69,306	Revenue activities - net cash flow	70,132

Note 54. Reconciliation of Net Cash Flow to the Movement in Net Debt

Reconciliation of Net Cash Flow to the Movement in Net Debt	2006-7 £000
Decrease in net cash in the period	-880
Cash flow changes	
Cash outflow from a decrease in debt	12,374
Decrease in liquid resources	-3,600
Movement in net debt in the period	7,894

Note 55. Analysis of Changes in Net Debt.

Balance 31 March 2006 £000	Analysis of Changes in Net Debt	Change 2006-7 £000	Balance 31 March 2007 £000
44,513	Cash in hand	2,937	47,450
-15,637	Cash overdrawn	-3,817	-19,454
-17,574	Debt due within one year	-2,952	-20,526
-439,618	Debt due after more than one year	15,326	-424,292
105,300	Management of liquid resources - short term investments	-3,600	101,700
-323,016	Net Debt	7,894	-315,122

Note 56. Other Government Grants

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

2005-6 £000	Other Government Grants	2006-7 £000
0	Dedicated School Grant (DSG)	291,773
86,985	Education and schools	90,150
33,744	Council tax benefit and benefits administration	35,418
19,889	Supporting People	20,224
9,030	Early years	14,729
15,744	Personal social services	12,443
10,624	Neighbourhood renewal	12,330
0	Local Area Agreement (LAA)	8,237
1,544	LABGI	6,809
2,388	Arts, Heritage & Leisure	2,572
2,275	Mental illness	2,345
2,053	Drug Intervention Programme	2,275
1,677	European Union	1,899
1,768	Social services carers	1,842
1,215	Health education	1,675
1,094	Employment	1,465
0	PSA	1,042
856	Single Regeneration Budget	839
960	Safer communities	659
0	Environment	611
448	Youth training	253
99	Invest to save	180
260	Asylum accommodation	121
254	Adult education	99
0	Big Lottery Funding	96
2,602	Childrens Fund	0
199	Other	198
195,708	Total	510,284

The Bradford Local Area Agreement (LAA)

In April 2005 the Council entered into a formal three year agreement to work with its partners in the voluntary sector, health, police, Central Government and other public bodies with the aim of providing better quality services for the public. The formal name of the agreement is the 'Local Area Agreement' (LAA). Bradford was a nationwide pilot for the LAA, which is now being rolled out across the country. The aim of the LAA is to improve the quality of life for all, by agreeing and then achieving detailed targets for improving health, reducing crime, creating jobs, improving the environment and taking care of children and the elderly.

Funding for the LAA comprises some additional revenue and capital grants from Central Government, while a number of former grant regimes, for example, the Children's Fund within Education, have also been added in to the LAA. Government grants for LAA activities totalled £11.1m (£8.2m revenue and £2.9m capital) in 2006-7, compared to £4.4m in 2005-6. The increase of £6.7m largely reflects the introduction of the Local Economic Growth Initiative (LEGI) grant, whose aim is to encourage entrepreneurial activity in the district and thereby reduce unemployment, with spend of £4.7m. In addition, a new £1m Cleaner Safer Greener scheme is being used to deliver environmental improvements across the district.

Note 57. Dedicated Schools Grant

In 2006-7, the Dedicated Schools Grant (DSG) replaced the funding the Council received through the Schools Formula Spending Share for Education. The DSG is a ring fenced grant which is utilised for Individual Schools Budget (ISB) or retained centrally to support central Education Services. The DSG allocation for 2006-7 was as follows:

	2006-7
	£000
Provisional 2006-7 DSG	292,931
Amount used for Schools Budget	291,449
Final DSG	291,773

The Schools Forum who determine the allocation of the DSG, has approved the £324,000 of unspent grant to be added to the 2007-8 DSG allocation.

Central Expenditure Limit (CEL)

There is a limit which is placed on the amount of funding which can be retained centrally by the authority. This limit is known as the Central Expenditure Limit (CEL) operates by restricting the increase in a local authority's centrally retained expenditure from one year to the next year to the same percentage as the increase in the ISB. The Schools Forum can approve a breach of this limit. The Schools Forum in 2006-7, approved a breach of £3,595,400 on the CEL.

Note 58. Trust Funds and Custodial Money

The Strategic Director, Corporate Services 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. £78,000 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 Balance Sheet.

Balance 31 March 2006 £	Analysis of Trust Funds and Custodial Money Balances	Expenditure 2006-7 £	Income 2006-7 £	Balance 31 March 2007 £
	Education charities:			
472,862	Charles Semon Educational Foundation	3,226	20,367	490,003
383,308	Salt Foundation	411,778	333,704	305,234
440,027	Bradford area	34,000	22,316	428,343
330,575	Keighley area	3,260	25,138	352,453
62,045	Housing charities	9,624	12,403	64,824
190,838	Blind Charities	0	14,273	205,111
1,879,655		461,888	428,201	1,845,968

The opening balance of the Salt Foundation has been restated to reflect the £105,460 COIF investment.

For those Trust Funds where the authority acts as sole trustee and which at 31 March 2007 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/ - decrease in funds in 2006-7 £	Balance at 31 March 2007 £
Charles Semon Educational Foundation (1095912)	Promote the education of young people under 25 in need of financial assistance	17,141	490,003
King George's Field Keighley (514349)	Provision and maintenance of King George's Field recreation ground	21,209	323,918
Salt Foundation (511978)	Promote education of persons resident in Shipley	-78,074	305,234
Royd House Wilsden (700025)	Maintenance of Royd House and grounds for the perpetual use by the public	5,134	116,696
Peel Park (523509)	Maintenance, repair and improvement of land and buildings belonging to the charity	-30,362	54,515

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 Balance Sheet.

2005-6 £000	Collection Fund	2006-7 £000	
	Income		
127,456	Due from council tax payers (excluding benefits)	134,471	<i>Note 1</i>
28,687	Due in respect of council tax benefits	29,986	
105,778	Due from business ratepayers	113,520	<i>Note 2</i>
1	Community charge previous years' adjustment	1	<i>Note 3</i>
261,922	Total income	277,978	
	Expenditure		
	Precepts		
130,983	Bradford Council	138,762	
6,019	West Yorkshire Fire and Civil Defence Authority	6,436	
14,753	West Yorkshire Police Authority	15,781	
	Business rate		
105,011	Payment to national pool	112,766	<i>Note 2</i>
767	Costs of collection	754	
1,571	Council tax write-offs	804	
0	Council tax support from council tax surplus	4,944	
-111	Contribution to / -from provision for losses on collection	1,087	<i>Note 4</i>
258,993	Total Expenditure	281,334	
2,929	Net decrease (-)/ increase in the fund balance	-3,356	
11,881	Balance at beginning of year	14,810	
14,810	Collection Fund balance at end of year	11,454	<i>Note 5</i>

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. (Band A* properties are properties in Band A entitled to disabled relief reduction). 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 £1,146.57 in 2006-7 (£1,101.11 in 2005-6) to cover the precepts of the three authorities. This figure does not include any precepts for Parish/Town Councils.

2005-6 Band D Equivalent	Band	2006-7 Number of chargeable dwellings	Multiplier	2006-7 Band D Equivalent
52	A*	98	5/9	54
46,625	A	70,316	6/9	46,877
27,197	B	35,252	7/9	27,418
28,249	C	32,092	8/9	28,526
13,698	D	13,956	9/9	13,956
12,279	E	10,128	11/9	12,379
6,867	F	4,834	13/9	6,982
5,250	G	3,147	15/9	5,245
414	H	191	18/9	382
140,631	Total Band D equivalent			141,819
2,811	Adjustment for estimated losses on collection			1,419
137,820	Council Tax Base			140,400

Note 2. Business Rates

The Council collects business rates (non-domestic rates) for its area. The rate in the pound of rateable value is set by central government. There are two multipliers: the small business non-domestic rating multiplier of 42.60p (41.5p in 2005-6) is applicable to those that qualify for the small business relief; and the non-domestic rating multiplier of 43.3p (42.2p in 2005-6) includes the supplement to pay for small business relief. The total levied, 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 2006-7 was £189.1m (£159.2m in 2005-6).

The business rates income, after reliefs and provisions, was based on a total rateable value for the Council's area of £324,751,940 for 2006-7 (£322,195,808 for 2005-6). The previously published figure of £290,734,270 has been restated to reflect consistency in disclosure based on total rateable value.

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 2007 was £6,124,448 (£5,038,000 at 31 March 2006).

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.

2005-6	Collection Fund Balance	2006-7
£000		£000
	Community Charge	
109	Surplus b/fwd 1 April	110
1	Surplus in year	1
110	Accumulated surplus c/fwd	111
	Council Tax	
11,772	Surplus b/fwd 1 April	14,700
2,928	Deficit(-) / Surplus in year	-3,357
14,700	Accumulated surplus c/fwd	11,343
14,810	Accumulated surplus on Fund at 31 March	11,454

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.

2005-6	Fund Account	2006-7	
Re-stated		£000	
£000			
	Contributions and Benefits		
241,078	Contributions receivable	280,438	<i>Note 4</i>
99,582	Transfers in	41,770	
2	Other income	5	
18,403	Non-statutory pensions and pensions increases recharged	19,236	
359,065	Income total	341,449	
216,309	Benefits payable	258,503	<i>Note 5</i>
18,403	Non-statutory pensions and pensions increase	19,236	
932	Refund of contributions	312	
26,354	Transfers out	20,346	
4,191	Administrative and other expenses borne by the scheme	4,611	
266,189	Expenditure Total	303,008	
92,876	Net additions from dealings with members	38,441	
	Returns on investments		
183,511	Investment income	196,596	<i>Note 7</i>
1,188,664	Change in market value of investments (realised and unrealised)	394,025	<i>Note 6</i>
955	Stock Lending	1,278	<i>Note 9</i>
1	Underwriting commission	3	<i>Note 9</i>
-1,251	Investment management expenses	-1,201	
1,371,880	Net return on investments	590,701	
1,464,756	Net increase in the fund during the year	629,142	
5,212,059	Opening net assets of the scheme	6,676,815	
6,676,815	Closing net assets of the scheme	7,305,957	

31 March 2006	Net Assets Statement	31 March 2007	
Re-stated		£000	
£000			
	Investments		<i>Note 6</i>
440,577	Fixed interest securities	521,412	
4,612,783	Equities (including convertible shares)	4,995,400	
267,556	Index-linked securities – UK quoted	315,343	
904,822	Managed and Unitised funds	1,092,683	
390,294	Other – sterling deposits	322,663	
-4,099	Accrued purchases	-273	
1,584	Accrued sales	358	
6,613,517	Investments at market value 31 March	7,247,586	
	Current assets and liabilities		
63,679	Debtors	66,534	<i>Note 10</i>
-6,936	Creditors	-9,370	<i>Note 10</i>
6,555	Cash in hand *	1,207	
63,298	Net current assets and liabilities	58,371	
6,676,815	Net assets of the scheme at 31 March	7,305,957	

* This figure takes account of cheques drawn but not presented, the balance on the bank account at 31 March 2007 was £1,335,212

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 on the WYPF website (www.wypf.org.uk) and from the Director, West Yorkshire Pension Fund.

Administering Authority – City of Bradford Metropolitan District Council is the administering authority for the Fund, and as such has statutory responsibility for the management and administration of the Fund. The Fund's entire investment portfolio is managed on a day to day basis in-house supported by the Fund's external advisers.

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 186 participating employers at 31 March 2007 whose employees were entitled to be contributors to the Fund.

Membership

2005-6	Profile of Membership	2006-7
92,487	Active members	93,400
53,287	Pensioner members	55,477
51,237	Members with preserved pensions	55,080
197,011	Total Contributions Receivable	203,957

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 Service Liabilities %	For future 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.

An extended recovery period of 25 years will be adopted for the attainment of a 100% funding level from the deficit position as at 31 March 2004 and the target employers' contribution rates will be set to achieve this.

The next triennial actuarial valuation of the Fund is due as at 31 March 2007. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2008.

Note 3. Statement of Accounting Policies

The accounts are prepared in accordance with the Statement of Recommended Practice (Revised November 2002) "The Financial Reports of Pension Schemes." Disclosures are limited to those required by the Local Authority Statement of Recommended Practice 2006.

Listed Investments

Listed investments are shown at market value. The market value of the investments is based on the middle market quotation of the relevant stock exchange.

Pooled Funds are valued at average of the closing bid price and offer prices if both are published or if single priced at closing single price.

The values of investment in private equity are based on valuations provided by the general partners to the private equity funds in which West Yorkshire Pension Fund has invested. These valuations accord with guidelines provided by the British Venture Capital Association.

The values of investments in Fund of Hedges Funds are based on the net asset values provided by the hedge fund managers as at 31 March 2007.

Additional Voluntary Contributions

In line with Regulation 5(2) (b) of the Local Government Pension Scheme (management and Investment of Funds) Regulations 1998, Additional Voluntary Contribution (AVC) investments are not shown in the Fund Account and Net Assets Statement (see Note 11).

Currency Translation

Assets and liabilities in foreign currency are translated into Sterling at exchange rates ruling at the financial year end. Any gains or losses arising are treated as part of the change in market value of investments.

Transfers

Transfer Values represent amounts received and paid during the period for individuals and bulk transfers 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.

Employers have met the indirect costs of early retirement. Some have chosen to do this by paying extra Employers' Contributions. The rest have been recharged and the income received is made up of both one-off lump sum payments and instalments where the Employer has chosen to spread the cost.

AVC's are accounted for when due, in the same way as other contributions.

Expenditure

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

Accruals have been included for lump sum benefits arising but not paid until the following year.

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

2005-6 £000	Analysis of Benefits Payable by Member Body	2006-7 £000
36,347	Administering authority	40,850
157,286	Scheduled bodies	179,593
20,586	Admitted bodies	35,363
2,090	Other interested bodies with no pensionable employees	2,697
216,309	Total Benefits Receivable	258,503

Note 4. Contributions Receivable

2005-6 £000	Analysis of Contributions Receivable	2006-7 £000
156,454	Employers' contributions	190,208
0	Special employers' contributions	0
84,624	Employees' contributions	90,230
241,078	Total Contributions Receivable	280,438

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

2005-6 £000	Contributions Receivable by Type of Member Body	2006-7 £000
30,845	Administering authority	35,574
167,025	Scheduled bodies	181,228
43,204	Admitted bodies	63,636
4	Bodies with no further interest	0
241,078	Total Contributions Receivable	280,438

Note 5. Benefits Payable

2005-6 £000	Analysis of Benefits Payable	2006-7 £000
	Funded pensions	
161,250	Retired employees	173,967
17,917	Dependants	18,062
	Funded lump sums	
33,428	On retirement	62,035
3,714	On death	4,439
216,309	Total Benefits Payable	258,503

Note 6. Investments at Market Value

Investments	Opening Value at 1 April 2006 £000	Purchases at Cost £000	Sale Proceeds £000	Change in Market Value £000	Closing Value at 31 March 2007 £000
Fixed Interest Securities	440,577	193,549	-95,194	-17,520	521,412
Equities	4,612,783	394,460	-341,584	329,741	4,995,400
Index-linked Securities	267,556	70,653	-13,227	-9,639	315,343
Managed & Unitised Funds	904,822	104,496	-8,078	91,443	1,092,683
Cash Deposits	390,294	0	-67,631	0	322,663
Accrued Purchases	-4,099	3,826	0	0	-273
Accrued Sales	1,584	0	-1,226	0	358
Total Investments	6,613,517	766,984	-526,940	394,025	7,247,586

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.

2005-6 Analysis of Investments £000 Closing Market Values	2006-7 £000
Fixed Interest Securities:	
258,768 UK Public Sector quoted	312,536
64,964 UK Other quoted	93,117
81,152 Overseas Public Sector quoted	82,118
35,693 Overseas Other quoted	33,641
440,577	521,412
Equities:	
2,914,954 UK quoted	3,145,535
46,465 UK unquoted	53,989
1,596,717 Overseas quoted	1,718,650
54,647 Overseas unquoted	77,226
4,612,783	4,995,400
Index Linked Securities:	
179,772 UK Public Sector quoted	232,944
33,056 UK Other quoted	28,545
54,728 Overseas Public Sector quoted	53,854
267,556	315,343
Managed and Unitised Funds:	
133,609 Hedge Funds	228,010
329,604 Property	381,654
441,609 Other	483,019
904,822	1,092,683
Cash Deposits:	
390,294 Sterling	322,663

Note 7. Administrative Expenses

2005-6 Administrative Expenses £000	2006-7 £000
3,933 Administration and processing	4,396
167 Actuarial fees	176
67 Audit fee	39
24 Legal and other professional fees	0
4,191 Total Administrative Expenses	4,611

Note 8. Investment Income

2005-6 Investment Income £000	2006-7 £000
26,496 Income from fixed interest securities	26,784
122,940 Dividends from equities	133,949
5,221 Income from index-linked securities	5,693
11,257 Income from pooled funds	12,021
17,597 Interest on cash deposits	18,149
183,511 Total Investment Income	196,596

Note 9. Other Income

2005-6 Analysis of Other Income	2006-7
£000	£000
Stock Lending	
83 Income - Fixed Interest	51
564 - UK Equities	508
452 - International Equities	891
-144 Expenditure	-172
1 Underwriting Commission	3
956 Total	1,281

As at 31 March 2007, £903.6m of stock was on loan to market makers, and this was covered by collateral totalling £948.7m (which includes an appropriate margin), comprising bonds (£107.3m), letters of credit (£128.6m), stocks and shares (£677.9m), certificates of deposit (£3.0m) and Treasury Notes / Bills (£31.9m).

Note 10. Current Assets and Liabilities

2005-6 Current Assets and Liabilities	2006-7
Re-stated	
£000	£000
Assets	
20,406 Contributions due from employees and employers	22,657
39,617 Accrued income	41,383
3,656 Other debtors	2,494
63,679	66,534
Creditors	
1,943 PAYE	1,921
4,993 Other creditors	7,449
6,936	9,370

Note 11. Related Party Transactions

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

In 2006-7, Bradford Metropolitan District Council charged the West Yorkshire Pension Fund £590,000 in respect of support services provided (£519,000 in 2005-6). The charge included accommodation, financial, legal and information technology services.

Note 12. 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:

2005-6 Additional Voluntary		2006-7
£000 Contributions		£000
16,220 Value of funds at 1 April		18,481
937 Contributions received		1,099
731 Transfers and withdrawals		710
25 Internal Transfers		4
1,917 Interest and bonuses / Change in market value of assets		918
-1,349 Sale of investments to settle benefits due to members		-2,196
18,481 Value of fund at 31 March		19,016

Note 13. Prior Period Adjustment

A prior period adjustment has been made in the accounts in respect of Benefits Payable. No accrual has previously been made for retirement lump sums and death grants notified to West Yorkshire Pension Fund after the year end relating to the current financial year. An accrual for this has been made in the 2006-7 accounts which materially affects prior year statements.

The following table summarises the adjustments made to restate the 2005-6 accounts:

Fund Account	2005-6 £'000	Effect of adjustment £'000	2005-6 Re-stated £'000
Benefits payable	216,314	-5	216,309
Net additions from dealing with members	92,871	5	92,876
Net increase in the Fund during the year	1,464,751	5	1,464,756
Opening net assets of the Fund	5,215,037	-2,978	5,212,059
Closing net assets of the Fund	6,679,788	-2,973	6,676,815
Net Asset Statement			
Creditors	-3,963	-2,973	-6,936
Net current assets and liabilities	66,271	-2,973	63,298
Net assets of the Fund at 31 March	6,679,788	-2,973	6,676,815

Note 14. Contingent Liabilities and Contractual Commitments

At 31 March 2007 the West Yorkshire Pension Fund had investments in private equity funds valued at £131.2m; however the total amount the Fund has committed to be invested is £342.8m.

Note 15. 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. The Fund has also prepared a Funding Strategy Statement (FSS) in accordance with Regulation 76A of the Local Government Pension Scheme Regulations 1997 (as amended). Full details of the SIP and the FSS 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.wywf.org.uk.

Note 16. 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
 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 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
 Meltham Town Council
 Micklefield Parish Council
 Mirfield Free Grammar School
 Morley Town Council
 Myrtle Park Primary School
 New College Pontefract
 Normanton Town Council
 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
 Ryhill & Havercroft JRGC
 Ryhill Parish Council
 Salterlee Primary School
 Shipley College
 South Elmsall Town Council
 South Hiendley Parish 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

Restated 2005-6 Net Expenditure £000	Group Income and Expenditure Account	2006-7 Gross Expenditure £000	2006-7 Income £000	2006-7 Net Expenditure £000	
	Expenditure on services				
303,722	Education	478,850	438,417	40,433	
136,490	Social Services	204,044	53,494	150,550	
44,133	Environmental Services	67,066	26,492	40,574	
25,228	Cultural and Related Services	48,366	19,630	28,736	<i>Note 5</i>
15,902	Planning and Development Services	48,277	28,357	19,920	
33,884	Highways, Roads and Transport Services	47,411	7,830	39,581	
8,191	General Fund Housing	137,422	127,226	10,196	
5,708	Central Services to the Public	40,859	34,217	6,642	
4,521	Corporate Management	4,438	1,234	3,204	
4,384	Democratic Representation and Management	4,773	56	4,717	
-17,567	Non distributed costs	3,423	3,448	-25	
396	Court and Probation Services	910	534	376	
13,000	Exceptional items – provision for equal pay claims	0	0	0	
0	Share of group exceptional item	0	160	-160	
-566	Share of operating results of associate companies		596	-596	<i>Note 8</i>
577,426	Net cost of services	1,085,839	741,691	344,148	
600	Loss on the disposal of fixed assets			2,735	
497	Parish council precepts			579	
-193	Trading services surpluses (-) / deficits			92	<i>Note 8</i>
31,625	Interest payable and similar charges			31,703	
225	Share of interest payable by associate companies			217	<i>Note 8</i>
232	Contribution from (-) to housing capital receipts national pool			-166	
-4,995	Interest and investment income			-6,628	<i>Note 5</i>
-56	Share of interest receivable by associate companies			-42	<i>Note 8</i>
8,665	Net pension interest cost and expected return on pensions assets			2,314	
57	Share of net pension interest cost and expected return on pensions assets of associated companies			-73	<i>Note 8</i>
87	Share of taxation of associate companies			211	<i>Note 8</i>
614,170	Net expenditure			375,090	
-131,480	Demand on the Collection Fund			-139,341	
-326,201	General Government grants			-44,514	
-159,214	Non-domestic rates redistribution			-189,095	
0	Distribution of Collection Fund surplus			-4,272	
-2,725	Surplus (-) or deficit for the year			-2,132	

Reconciliation of the Authority's Surplus or Deficit to the Group Surplus or Deficit

2005-6	Reconciliation of the Authority's Surplus or Deficit to the Group Surplus or Deficit	2006-7
£000		£000
2,637	Surplus for the year on the authority's Income and Expenditure Account	1,693
-78	Less dividend from group associate company's included in the authority's Income and Expenditure Account	0
253	Plus surplus arising from associate companies and included in the Group Income and Expenditure Account	443
-87	Plus amounts in respect of directly managed funds to be included in the Group Income and Expenditure Account in accordance with UKGAAP	-4
2,725	Group Income and Expenditure Account surplus for the year	2,132

Group Statement of Total Recognised Gains and Losses

2005-6	Group Statement of Total Recognised Gains and Losses	2006-7	
£000		£000	
2,725	Surplus for the year on the Income and Expenditure Account	2,132	<i>Note 8</i>
182,505	Surplus arising on revaluation of fixed assets	38,762	
18,202	Actuarial gains on pension fund assets and liabilities	76,443	<i>Note 8</i>
	Other gains and losses (-):		
2,929	Movement on the Collection Fund	-3,356	
275	Capital receipts not arising from asset disposals or loan (long-term debtors) repayments	1,295	
206,636	Total Recognised Gains	115,276	

Restated 31 March 2006 £000	Group Balance Sheet	31 March 2007 £000	
933,180	Fixed assets	1,015,282	
8,672	Intangible assets	14,186	
13,621	Investment in associate companies	14,439	<i>Note 8</i>
0	Long term investment	1	
5,770	Long term debtors	4,977	
13,433	Deferred premiums	11,967	
974,676	Total long term assets	1,060,852	
	Current assets:		
1,143	Stocks and work in progress	1,457	
3,275	Landfill usage allowance	3,219	
64,408	Debtors and payments in advance	75,989	
105,691	Investments	102,091	<i>Note 5</i>
44,621	Cash in hand	47,554	<i>Note 5</i>
	Less current liabilities		
95,761	Creditors and receipts in advance	125,337	
17,574	Short term borrowing (repayable within 12 months)	20,526	
15,637	Cash overdrawn	19,454	
90,166	Net current assets	64,993	
1,064,842	Total assets less current liabilities	1,125,845	
	Less:		
439,618	Long term borrowing	424,292	
22,991	Provisions	24,037	
6,923	Deferred liabilities	6,673	
132,257	Government grants deferred	155,961	
904	Deferred income	803	
926	Deferred capital receipts	725	
342,827	Liability related to defined benefit pension schemes	279,682	
118,396	Total assets less liabilities	233,672	
	Financed by:		
-319,140	Fixed assets restatement account	-290,182	
1,995	Usable capital receipts reserve	2,664	
689,246	Capital financing account	703,953	
-342,827	Pensions reserve	-279,682	
81,002	Fund balances and reserves	87,985	
7,621	Authority's share of profit and loss and other reserves of associates	8,439	<i>Note 8</i>
499	Trust Fund Reserves	495	<i>Note 5</i>
118,396	Group balances and reserves	233,672	

Group Cash Flow Statement

2005-6 £000	Group Cash Flow Statement	2006-7 £000
69,205	Net cash inflow from revenue activities	70,096
78	Dividends from associates	0
	Returns on investment and servicing of finance	
-31,626	Cash outflow –interest paid	-31,703
4,995	Cash inflow –interest received	6,628
-26,631	Net cash outflow from servicing of finance	-25,075
-87	Taxation	0
	Capital activities: cash outflows	
-92,133	Purchase of fixed assets	-98,735
	Capital activities: cash inflows	
25,427	Sale of fixed assets	8,449
43,663	Capital grants and other receipts	53,155
-23,043	Net cash outflow from capital activities	-37,131
19,522	Total net cash inflow before financing	7,890
-55,000	Management of liquid resources: Net decrease in short-term deposits	3,600
	Financing	
-29,848	Cash outflows – repayments of amounts borrowed	-18,874
49,000	Cash inflows -new loans raised	6,500
19,152	Net cash inflow from financing	-12,374
-16,326	Decrease in cash	-884

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 five group financial statements:

- Group Income and Expenditure Account
- Reconciliation of the Authority's Surplus or Deficit for the Year to the Group Surplus or Deficit
- Group Statement of Total Recognised Gains and Losses
- Group Balance Sheet
- Group Cash Flow Statement

Note 2. Companies included in Bradford's Group Financial Statements

At 1 April 2007 the Council had interests in two 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.

In 2006-7 the Council's interest in both LBIA and BCR have been consolidated into the Council's group financial statements.

Note 3. New companies set up in 2006-7

As part of the Government's Building Schools for the Future Initiative two new companies were set up in 2006-7.

- Integrated Bradford LEP Ltd is a new type of public private company which the authority has a £1000, 10% interest in. The remaining equity is held by Partnership for Schools (Pfs) 10%, and 80% by private sector partners Amey & Costain. Under the terms of the partnership the LEP will enjoy exclusivity in the provision of capital works to all the authority's secondary schools for ten years. The Council's interest in Integrated Bradford LEP Ltd has been determined to be not material in terms of Group Accounts.
- BMDC building Schools for the Future Ltd is a wholly owned subsidiary of Bradford Council. It was incorporated in December 2006 with the sole purpose to loan on a back to back basis £94,080 to Integrated Bradford LEP Finco One Ltd. 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.

Note 4. Notes

The notes to the authority's own accounts (pages 17 to 34) are also relevant to the group statements. The notes have not been reproduced here unless there are additional amounts or details in relation to associates.

Note 5. 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 one respect from UKGAAP; 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 income and expenditure and net assets of the following trusts have been incorporated

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

Changes to Group Statements re Inclusion of Directly Managed Funds		
2005-6	Funds	2006-7
£000		£000
Group Income and Expenditure Account		
110	Expenditure added to net cost of services	36
-23	Investment income	-32
87	Net effect on deficit for the year	4
Group Balance Sheet		
391	Investments	391
108	Cash in hand	104
499	Total change in assets less liabilities	495
499	Trust fund reserves	495

Note 6. Leeds Bradford International Airport Ltd (LBIA)

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

In 2006-7 the authority held a 40% interest in LBIA, holding £6.0m of the total issued share capital of £15m

The authority's 40% share in the financial performance and net assets of LBIA have been consolidated within the group accounts (see Note 8 for details). All figures take into account taxation and pensions liabilities Financial Reporting Standard 17 adjustments.

The authority's own balance sheet reflects its £6m shareholding in the airport as a long-term investment. On consolidation the nominal share value is replaced in the Group Balance Sheet by the value of the authority's share of the net assets. The adjustment on consolidation is therefore the amount by which the authority's share of net assets exceeds the nominal share value. The authority's 40% share of the airport's net assets is valued at £14,443,000 at 31 March 2007 (£13,675,000 at 31 March 2006).

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.

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.

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 2007 was £524,952 (£603,121 at 31 March 2006). 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.

Post balance sheet event

On 4 April 2007 the authority's Executive recommended to Council that the authority disposed of its 40% share capital in LBIA Ltd as part of a 100% share disposal of the airport company to the preferred bidder. The sale to Bridgepoint Capital was completed on 3 May 2007 and the authority received £51.5m for its 40% stake in the company. The Council has retained a non economic special share to guarantee that the airport would retain its status as an airport.

Note 7. 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 income receivable from each of the funding partners for the year ended 31 March 2007 was £400,000 (£400,000 in 2005-6). During the year the company obtained goods and services from the authority amounting to £1,325 (£1,423 in 2005-6).

The authority's 50% share in the financial performance and net assets of BCR have been consolidated within the group accounts (see Note 8 for details). The figures take into account pensions liabilities in accordance with the requirements of Financial Reporting Standard 17.

Note 8. Consolidation of Associates

Figures in respect of Leeds Bradford International Airport Limited (LBIA) and Bradford City Centre Urban Regeneration Company Limited (BCR) have been consolidated into the group accounts using the equity method. This means that the authority's share of each company's operating results have been included in the Group Income and Expenditure Account and the authority's share of each company's net assets have been included in the Group Balance Sheet and shown as a long-term investment.

2005-6			Consolidation of Associates	2006-7		
LBIA	BCR	Total		LBIA	BCR	Total
£000	£000	£000		£000	£000	£000
Group Income and Expenditure Account						
-543	-23	-566	Share of operating results	-751	-5	-756
78	0	78	Removal of dividends from the authority's trading services surplus	0	0	0
225	0	225	Share of interest payable	217	0	217
-56	0	-56	Share of interest receivable	-42	0	-42
59	-2	57	Share of net pension interest cost and expected return on pensions assets	-67	-6	-73
87	0	87	Share of taxation	211	0	211
-150	-25	-175	Net effect on the surplus (-) or deficit for the year	-432	-11	-443
Group Statement of Total Recognised Gains and Losses						
150	25	175	Surplus or deficit (-) on the Income and Expenditure Account	432	11	443
1,096	4	1,100	Actuarial gains and losses (-) on pension fund assets and liabilities	336	39	375
1,246	29	1,275	Total recognised gains and losses (-)	768	50	818
Group Balance Sheet						
7,675	-54	7,621	Investment in associate companies less shareholding in LBIA (£6m)	8,443	-4	8,439
7,675	-54	7,621	Income and expenditure reserves	8,443	-4	8,439

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.

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.

Debtors

Sums of money owed to the authority but not received 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.

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.

Income and Expenditure Account

This statement is compiled in accordance with UKGAAP and 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.

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).

UKGAAP

UK Generally Accepted Accounting Principles. This is a framework of accounting standards primarily applicable to general purpose company financial statements.