

Statement of Accounts 2004-5

Independent Auditor's Report to the City of Bradford Metropolitan District Council

I have audited the statement of accounts on pages 2 to 40 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 8 and 9 and the Pension Fund accounts, on pages 30 to 33, which have been prepared in accordance with the accounting policies applicable to pension funds set out on page 31.

This report is made solely to the 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 Director of Finance and Auditor

As described on page 2 the Director of Finance is responsible for the preparation of the statement of accounts in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2004. My responsibilities, as independent auditor, are established by statute, the Code of Audit Practice issued by the Audit Commission and my profession's ethical guidance.

I report to you my opinion as to whether the statement of accounts present fairly:

- the financial position of the Council 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 benefits after the end of the scheme year.

I review whether the statement on internal control on page 3 reflects compliance with CIPFA's guidance 'The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003' published on 2 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 whether the statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures.

My review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

I read the other information published with the statement of accounts and consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards 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 judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council'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 statement of accounts is free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion, I evaluated the overall adequacy of the presentation of the information in the financial statements.

Opinion

In my opinion the statement of accounts presents fairly the financial position of the City of Bradford Metropolitan District Council as at 31 March 2005 and its income and expenditure for the year then ended.

In my opinion the financial statements present fairly the financial transactions of West Yorkshire Pension Fund during the year ended 31 March 2005, and the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year.

Certificate

On 31 October 2005 I issued an opinion on the 2004-5 accounts and I explained that the audit could not be formally concluded on that date until all audit work on the asset management project had been finished. All such audit work has now been completed. On 23 March 2006 I issued a report detailing my findings and conclusions. This is a report in the public interest in accordance with the Audit Commission Act 1998 and is available from the Council.

I have carried out 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.

**District Auditor
Audit Commission
Kernel House
Killingbeck
LEEDS LS14 6UF**

29 March 2006

CITY OF BRADFORD METROPOLITAN DISTRICT COUNCIL

STATEMENT OF ACCOUNTS 2004-5

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Introduction to the Council's Accounts

This report sets out the Council's Statement of Accounts for the financial year 2004-5. 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 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 Finance Director**. This report summarises the most significant items reported in the accounts and outlines the overall financial position of the Council for 2004-5. 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 Bradford).

The **Statement of Accounting Policies** sets out in detail the accounting policies adopted by the Council. It is followed by the **Consolidated Revenue Account**. This is fundamental to understanding the Council's activities. It reports the total amount spent during the year on all the services the Council is responsible for. It also shows how much of this cost has been met by council taxpayers and how much has been funded by central government through grants.

The **Consolidated Balance Sheet** of the Council identifies the value of the Council's land, buildings and vehicles and how much it has borrowed. It also shows how much the Council owed to suppliers and how much was owed to the Council at the year-end. **The Statement of Total Movements in Reserves** brings together monies held in reserves. A distinction is made between reserves that can be used to support future revenue spending, those earmarked for a specific purpose and those which are not cash reserves. **The Cash Flow Statement** sets out in detail where the Council received cash from and what this cash was spent on.

Further specialised statements include the **Housing Revenue Account** (detailing the final residual transactions incurred after the transfer of the Council's housing stock to Bradford Community Housing Trust (BCHT) in February 2003) and 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.

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

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

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

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

Bradford Metropolitan District Council's Responsibilities

The authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Finance Director
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the statement of accounts

The Finance Director's Responsibilities

The Finance Director is responsible for the preparation of the authority's statement of accounts in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting and the Accounts and Audit Regulations 2003.

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

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

In addition the Department of Finance has issued

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

Certification of the Accounts

I certify that the statement of accounts presents fairly the position of City of Bradford Metropolitan District Council at 31 March 2005 and its income and expenditure for the year ended 31 March 2005.

Susan Mawson
Interim Finance Director

29 March 2006

In accordance with the Accounts and Audit Regulations 2003, I certify that the statement of accounts was approved by the Audit and Staffing Committee on 29 March 2006.

Cllr Margaret Eaton OBE
Chair of Audit and Staffing Committee

29 March 2006

1. Scope of Responsibility

This Statement on Internal Control covers the operations of Bradford Council and of the West Yorkshire Pension Fund, which is administered by Bradford Council.

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, 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 and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at Bradford Council for the year ended 31 March 2005 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 operation of a balance of duties between the Standards and the Improvement Committees which provides a check to the work of the Council's Executive. The Council operates within a robust financial framework to ensure value for money and a performance management framework that supports 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 of the Council and the reporting of financial management
- The performance management of the Council and the reporting of performance management.

In general internal controls are updated and enhanced throughout the year. The 2003-4 Statement on Internal Control identified two weaknesses relating to risk management and performance indicators. Significant levels of work were undertaken in both of these areas,

which resulted in substantial improvements in the control environment.

4. Review of Effectiveness

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

The review of the effectiveness of the system of internal control is informed by the work of the 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. This work is reported to Council through the Standards Committee.

The work of external audit provides additional assurance through their comprehensive performance assessment and the publication of the Annual Letter. The Council also receives assurances from other statutory inspectors and regulators. Where required the Council will follow up all inspections with an improvement plan to remedy any weaknesses identified.

We have been advised that the review of the effectiveness of the system of internal control has identified two weaknesses. These are reported in Section 5 below. An action plan to address each weakness has been developed and will be implemented in 2005-6 to ensure continuous improvement of the systems in place.

5. Significant Internal Control Issues

The key control issues that have been identified during 2004-5 relate to grant claims and school balances.

The Audit Commission has reported weaknesses in the Council's arrangements for preparing and submitting grant claims to Government Departments in a timely manner, and for a lack of evidence to support grant claims made. The Commission has also criticised the level of school deficit balances and a lack of control over the balances.

The Council has responded to both issues and has implemented action to remedy the weaknesses found.

Towards the end of June 2005 the Chief Executive commissioned an internal investigation in relation to allegations received by the Audit Commission about the Asset Management Project procurement process. This investigation is ongoing. The Audit Commission completed its own investigation and issued a report on 23 March 2006 detailing weaknesses in relation to: programme management; project structure; project management; project documentation; procurement of advisers; evaluation of bids; and learning. This is a report in the public interest in accordance with the Audit Commission Act 1998 and is available from the Council.

David Kennedy
Interim Chief Executive

29 March 2006

Cllr Margaret Eaton OBE
Leader of the Council

29 March 2006

Report by Steve Morris, Finance Director

The General Fund Balance was increased by £4,241,000 at the end of the year.

This was partly due to a refund of £1,133,000 from the distribution of reserves by the West Yorkshire Passenger Transport Authority (WYPTA). There was also a net underspending on General Fund of £3,108,000

The WYPTA refund was anticipated and has been used in the setting of the Council's budget for 2005-6.

The net underspend of £3,108,000 is after action taken by Directors, under Financial Regulation 15, to carry forward budgets totalling £1.5m to meet commitments in 2004-5. It is also after carrying forward a net overspend of £395,000 in respect of Environmental Services. (This has been carried forward to be met from the service's 2005-6 budget). The net underspend is the result of:

	£000	£000
Variations in spending by Departments		
Asset Management	-450	
All other services	-16	-466
Variations in other costs		
Capital financing costs – interest savings	-582	
Bank interest and charges	-1,076	
Contingencies not used	-984	-2,642
Net underspending		-3,108

- Asset Management had an overspending of £297,000 on the net costs of administrative and non-operational buildings. Against this there were surpluses in respect of Architects (£221,000) and Building Maintenance Services (£526,000) which led to an overall underspending.
- The total saving on bank interest and capital financing costs was £1,658,000. Factors leading to the saving include the capital underspending (£29m) and the beneficial effect on the authority's cash flow of unused capital resources such as grants and receipts.
- A number of contingency provisions set aside in the budget were not required in the year, leading to the reported saving.

Schools

There was a net surplus on schools' delegated budgets of £10.856m. The net surplus is made up of deficit balances of £6.948m and surplus balances of £17.804m. These sums have been carried forward to schools' budgets in 2005-6 in accordance with delegated arrangements.

General Revenue Reserves and Balances

General revenue reserves and balances act as a necessary contingency against unforeseen events.

At 31 March 2005 general revenue reserves and balances totalled £11.3m. This will be reduced to an anticipated balance of £10.5m available in 2005-6, after taking account of:

- £1.1m relating to the WYPTA refund in 2004-5, which will be used to support the 2005-6 budget.
- The Housing Revenue account will close from 1 April 2005 and its £0.3m balance will be transferred to the General Fund Balance in 2005-6.

More Details

The Finance Director presented his report "Outturn Position and Statement of Accounts for the Financial Year Ended 31 March 2005" to the meeting of the Council's Executive on 12 July 2005. The report provides more details of the Council's financial performance in 2004-5. It is a public document and can be viewed via the Council's Internet site.

How much money did the Council spend?

In 2004-5 the gross revenue expenditure on the provision of services was £1,015.6m. This included £1,002.3m on General Fund services, markets and Housing Revenue Account transactions, £12.9m paid to the West Yorkshire Passenger Transport Authority and £449,000 paid in local precepts to Parish Councils. For a further breakdown of the amount spent on individual services see either the chart following or the Consolidated Revenue Account (page 10).

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

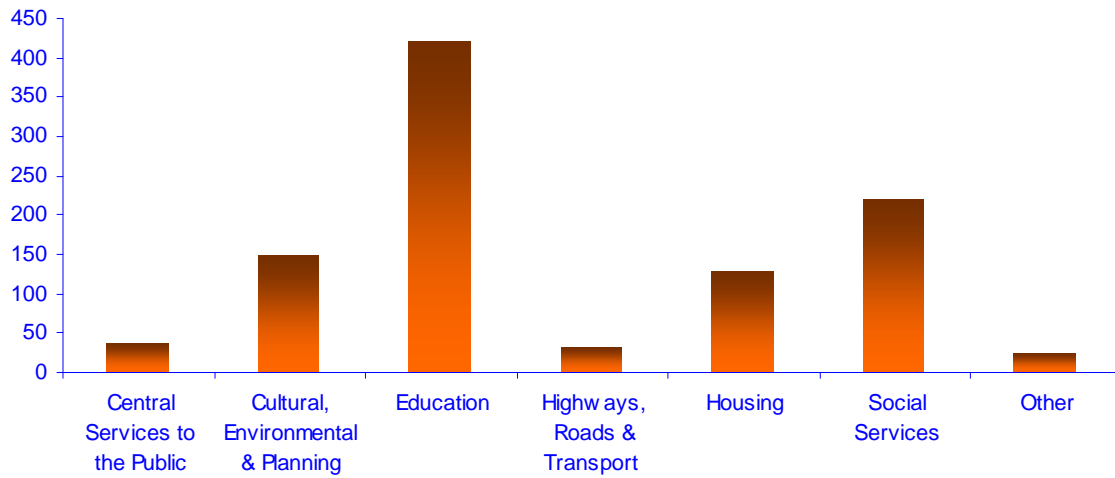
Where did the Council get its money?

The Council's General Fund revenue spending is mainly funded through Revenue Support Grant (£318.1m), council tax (£125.0m) and redistributed non-domestic rate income (£132.2m). The government through specific grants provides a further £285.1m of funding. The Council itself raises the remaining money (£155.2m) in the form of rents and fees and charges for services provided.

What is the money spent on?

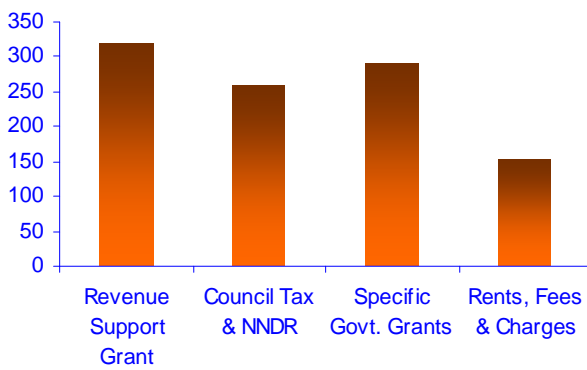
Local authority services are labour intensive with staff costs accounting for £434.5m of revenue expenditure. In 2004-5 spending on other operating costs and capital financing costs was £463.4m and council tax and rent benefits together totalled £117.7m.

Where the money was spent (£m)

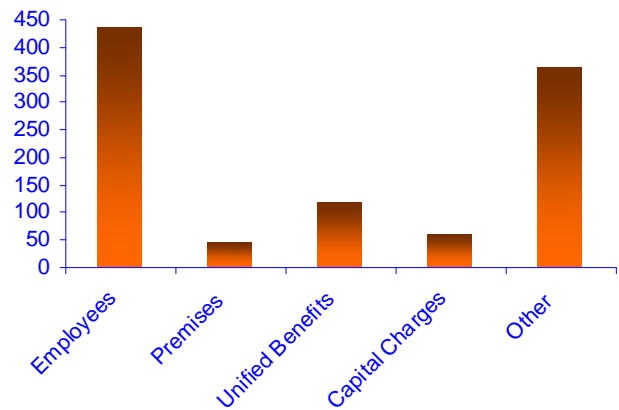


"Other" includes corporate management, democratic representation and management, non-distributed costs, court and probation services.

Where the money came from (£m)



What the money was spent on (£m)



Capital Expenditure

From 2004-5 the Local Government Act 2003 and the Prudential Code for Capital Finance in Local Authorities together provide a new framework for capital expenditure by local authorities. The change has brought authorities new freedoms, particularly in being able 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 2004-5

The Council spent £81.9m in the year, an underspending of £29.2m against the planned level. The underspending and the unspent resources have been rolled forward to 2005-6.

Capital resources of £36.3m were carried forward on the authority's balance sheet at 31 March 2005 in the Renewals and Replacement Reserve (£24.6m) and as grants received in advance (£11.7m). In addition, the authority used £19.2m of unspent capital receipts to repay debt at 31 March 2005 but retains the spending power of those receipts through a capacity to replace them by borrowing.

Potential resources carried forward into 2005-6 therefore total £55.5m. These resources are for the following purposes:

Capital Resources Carried Forward	£m
Earmarked for special schools reorganisation and building schools for the future	9.1
Other specific resources received in advance by services and to be used in future years	22.1
Corporate resources to fund slippage from 2004-5 and planned support for the capital investment plan in future years	22.9
Working balance on the Renewal and Replacement Reserve	1.4
Total	55.5

Where the money came from

The spending of £81.9m was funded as follows:

- £28.5m (35%) by external borrowing generating capital financing charges which will form part of future revenue spending.
- £43.6m (53%) from government and other grants.
- £9.8m (12%) from capital receipts from the sale of land and buildings, revenue contributions and working capital.

Major Capital Schemes in 2004-5

The table opposite shows the expenditure in 2004-5 on some of the major capital schemes, along with the total spend by department.

Major Capital Schemes	Main Schemes £000	Total Spend £000
Arts, Heritage and Leisure		2,665
Eccleshill Pool	1,003	
Marley Stadium	864	
Asset Management		1,044
DDA Compliance	690	
Bradley Green Culvert	285	
Community Development and Lifelong Learning		3,154
Sure Start Barkerend	801	
Sure Start Keighley	464	
LEA Nursery Class Places	681	
Neighbourhood Nursery Initiative	890	
Customer Services		900
Markets	491	
Council-wide Contact Centre	374	
Education and Schools		26,380
Schools Reorganisation	4,266	
Spaces for Sports and Arts	2,065	
Capital Modernisation Fund	7,541	
Pupils EBN	1,116	
Major Capital Repairs	1,236	
Devolved Formula Capital	6,072	
Environmental Services		2,871
Recycling Scheme	696	
Vehicles	1,117	
Landfill Sites	465	
Marketing and Communications		46
Haworth and Ilkley TIC	46	
Policy and Executive		304
Electronic Government	159	
Local Police Points	54	
Regeneration and Housing		18,217
Private Sector Housing Schemes	9,599	
Neighbourhood Renewal Fund	462	
Manningham South Mill	4,165	
Integrated Development Plan	2,145	
Regeneration Direct Development Fund	565	
Social Services		3,781
Children's Homes Provision	1,007	
Improving Information Management	235	
Health/ Social Care Integration	250	
FAME Project	1,105	
Transportation, Design and Planning		22,530
Bridge Strengthening	2,511	
Local Safety Schemes	310	
Transport Package Schemes	3,416	
Highway Maintenance and Improvements	5,040	
WYPTA Bus Project	534	
South Bradford Integrated Transport	2,414	
Bradford Centre Integrated Improvements	7,665	
Total		81,892

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 2005 is £437.9m, which is within the indicator it set for the year of £467.5m.

Capital Financing Requirement 2004-5	
	£000
Balance at 1 April 2004	451,885
Capital spending in the year financed from borrowing	28,528
Provision made in the year for the repayment of capital borrowing	-42,466
Balance at 31 March 2005	437,947

Council Tax Collection

At 31 March 2005, the Council had collected over 95% of the value of council tax bills sent out for 2004-5. The recovery process continues for outstanding arrears.

Housing Revenue Account (HRA)

Although the authority transferred ownership of its housing stock to Bradford Community Housing Trust (BCHT) in February 2003, the requirement to maintain a Housing Revenue Account has remained. Residual transactions were charged to the account in 2003-4 and 2004-5. In 2004-5 net income of £326,000 was credited to the HRA, increasing the accumulated surplus at 31 March 2005 to £369,000.

Conditions for the closure of the HRA have now been met and the Government has given consent for the HRA to be closed from 1 April 2005. The surplus was transferred to the General Fund at that date.

Markets

The markets undertaking made an operating deficit for the year of £769,000. This includes the one-off costs of the international market event and the cost of asset charges, both of which are met by contributions from central reserves. The operating deficit becomes a surplus of £385,000 after allowing for those contributions from reserves.

There was capital investment of £491,000 in the year. The resulting net deficit of £106,000 was met from the market reserve leaving a balance of £102,000 to fund future maintenance and development works on markets properties.

Markets	2003-4	2004-5
	£000	£000
Income	2,356	3,336
Expenditure	2,343	4,105
Operating Deficit/ Surplus (-)	-13	769
Contribution from central reserves	-278	-1,154
Surplus After Contributions from Reserves	-291	-385
Used to fund capital expenditure	83	491
Contribution to/ from (-) markets reserve	208	-106

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 2005 the deficit on the pensions reserve calculated by the actuary was £362m, an increase of £204m when compared to the figure at 31 March 2004. Of this increase a significant amount was due to the actuary being required to use a lower discount rate when calculating the Council's future liabilities.

To address this deficit, and following the latest full valuation of the Fund at 31 March 2005, the authority agreed a revised employer's contribution rate for 2005-6.

General Principles

The accounts have been prepared in accordance with;

- the Accounts and Audit Regulations 2003
- the Code of Practice on Local Authority Accounting issued by the Chartered Institute of Public Finance and Accountancy (CIPFA)
- Financial Reporting Standards (FRS) issued by the Accounting Standards Board
- the Best Value Accounting Code of Practice (BVACOP)

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

Income and Expenditure (Debtors and Creditors)

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

- A 12-month charge is included for payments to public utilities but this may not necessarily be the period of the financial year.
- Interest payable on external borrowing is charged to the Asset Management Revenue Account on an accruals basis except that there remains a small number of loans taken out before April 1988 for which, in accordance with previous practice, interest is not accrued. Non accrual of interest amounted to £140,000 at 31 March 2005.
- 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.

In 2003-4 the actuary was required by the SORP to use a mandatory real discount rate of 3.5% (6.3% actual) to discount the liabilities to present values. For the 2004-5 Statement of Accounts, a rate based on the current rate of return on a high quality corporate bond of equivalent currency and term to scheme liabilities has to be used.

The appropriate real rate advised by the actuary was 2.5% (5.4% actual). Application of this lower discount rate has resulted in an increase in liabilities measured at today's prices of over £128m.

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

The attributable assets of the WYPF have been measured at fair value. The performance has been based on asset splits as at 31 December 2004 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. See the Consolidated Revenue Account Note 10 on page 12 for further details.

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 (Consolidated Balance Sheet Note 17, page 20).

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.

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.

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 Council's Asset Management Director.

Authorities are required to revalue each asset at least once every five years. As part of the authority's Asset Management Project a thorough review of all of the authority's assets and their values was completed in 2003-4.

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 have been depreciated over a period of 50 years on a straight-line basis.
- 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
- Computer and other equipment is depreciated on a straight-line basis over 5 years.

Assets are not depreciated in their year of acquisition.

Impairment

During 2004-5 the Council's Department of Asset Management has undertaken an impairment review of property assets. No impairment of assets has been identified during this process.

Capital Charges

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

Capital charges made to service revenue accounts (including central support services) include depreciation and a notional interest charge based on the fixed assets included in the balance sheet at 1 April 2004.

The notional rate of interest used is 3.5% for fixed assets held at current value and 4.8% for assets held at historic cost.

Capital Receipts

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

Grants

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

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

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

Leases

Rentals paid under operating leases are charged to revenue.

Current Assets

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

Investments

Investments are shown at original cost.

Provisions

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

Contingent Liabilities

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

Revenue Reserves

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

- The general revenue reserves and balances are available for planned future expenditure, subject to minimum balances being preserved.
- The Housing Revenue Account is a statutory requirement. However, following the transfer of the authority's housing stock in 2002-3, the Government has now given permission for the HRA to be closed on 1 April 2005. The balance will be transferred to general reserves and balances in 2005-6.
- The Collection Fund is not available to support expenditure. Realised Collection Fund surpluses are 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 Debts

Provisions have been made for 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 Consolidated Revenue Account (see page 14).

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.

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

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

Consolidated Revenue Account	Restated 2003-4 Net Expenditure £000	2004-5 Gross Expenditure £000	2004-5 Income £000	2004-5 Net Expenditure £000	
Expenditure on services					<i>Note 1</i>
Education	277,810	420,419	127,836	292,583	
Social Services	115,709	217,715	87,146	130,569	
Environmental Services	40,825	56,965	15,337	41,628	
Cultural and Related Services	27,601	47,990	18,767	29,223	
Planning and Development Services	17,578	42,516	19,844	22,672	
Highways, Roads and Transport Services	24,633	30,940	5,039	25,901	
General Fund Housing	9,498	126,324	119,436	6,888	
Central Services to the Public	6,062	36,176	32,107	4,069	
Corporate Management	6,293	9,080	3,701	5,379	<i>Note 2</i>
Democratic Representation and Management	4,787	4,492	9	4,483	<i>Note 2</i>
Non distributed costs	4,246	7,937	4,418	3,519	<i>Note 2</i>
Court and Probation Services	992	1,687	540	1,147	
Exceptional items	1,164	0	0	0	<i>Note 3</i>
Discontinued services – Housing Revenue Account	368	19	242	-223	<i>Note 4</i>
Net cost of services	537,566	1,002,260	434,422	567,838	
West Yorkshire Passenger Transport Levy	13,488			12,861	
Parish Council Precept	183			449	
Trading services surpluses (-) / deficits	35			-444	<i>Note 5</i>
Interest and investment income	-3,778			-4,297	
Asset Management Revenue Account	5,267			-149	<i>Note 6</i>
National pooling of housing capital receipts	0			299	
Net pension interest cost and expected return on pensions assets	10,967			5,468	<i>Note 10</i>
Net operating expenditure	563,728			582,025	
Appropriations					
Transferred to/ from (-) Housing Revenue Account	-218			326	<i>Note 4</i>
Contributions to / from (-):					
revenue reserves	-2,836			677	<i>Note 7</i>
the Useable Capital Receipts Reserve				-299	<i>Note 7</i>
the Capital Financing Account	-992			-1,458	<i>Note 7</i>
the Pension Reserve	-11,479			-10,190	<i>Note 10</i>
Amount to be met from government grants and local taxation	548,203			571,081	
Council tax	-119,996			-124,968	
Redistribution of non-domestic rate income	-136,985			-132,236	
Revenue Support Grant	-291,170			-318,118	
Distribution of the Collection Fund surplus	-600			0	
Net General Fund surplus	-548			-4,241	
General Fund Reserve at the beginning of the year	-5,500			-6,048	
General Fund Reserve at the end of the year	-6,048			-10,289	

Note 1. 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.

Prior Year Adjustments

The 2003-4 spending figures have been restated for the following reasons. The changes amend the analysis of the spending but not the total.

- The cost of deferred charges (net of grant) has been charged to services, which is in accordance with their 2004-5 treatment and the Code of Practice. This has increased the cost of Social Services by £0.533m, Cultural and Related Services by £0.150m, Environmental Services by £7.297m and Central Services to the Public by £0.010m. Contributions to the Capital Financing Account have reduced correspondingly by £7.990m.
- Net expenditure on Environmental Services has been increased by £2.013m and Central Services to the Public reduced by the same amount to reflect the payment to the Environment Agency in respect of the flood defence levy.

Note 2. Corporate and Democratic Core (CDC) and Non Distributed Costs (NDC)

BVACOP clearly defines what expenditure should be accounted for in the CDC as either Corporate Management (CM) or Democratic Representation and Management (DRM). CM includes the costs of the Chief Executive's Office and costs relating to the maintenance of information required for public accountability. DRM relates to all aspects of members' activities.

The main element of NDC costs is the pension liabilities calculated by the actuary in respect of early retirement and added years awarded in cases of redundancy.

Note 3. Exceptional items

The £1.164m expenditure classified as exceptional in 2003-4 was made up of two payments (Odsal Stadium £2.3m and a debt premium £0.2m) together with a receipt of £1.4m from Yorkshire Enterprise Ltd. In 2004-5 there were no exceptional items.

Note 4. Discontinued Service - HRA

Following the transfer of the authority's housing stock to BCHT in February 2003, the Housing Revenue Account is shown as a discontinued service. Residual transactions on the account produced net income of £326,000 in 2004-5, increasing the accumulated surplus on the HRA at 31 March 2005 to £369,000. As the Government has given consent for the HRA to be closed from 1 April 2005, this sum will be transferred to the General Fund at that date. For further information about the HRA see page 27.

Note 5. Trading Services

Trading services are mainly activities of a commercial nature, which are financed substantially by charges made to recipients of the service. The table below shows the financial performance of trading services in 2004-5.

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

Trading Services Surplus (-) / Deficit			
	2003-4	2004-5	2004-5
	Surplus (-)	Turnover	Surplus (-)
	/Deficit		/Deficit
	£000	£000	£000
School and welfare catering	-176	13,032	-223
Non Bradford school catering	-52	1,695	-46
Other catering	-12	508	9
Building cleaning	-15	2,973	-16
Vehicle services	158	n/a	n/a
Building maintenance	153	n/a	n/a
Use of DSO earmarked reserves	69	0	0
Airport dividend	-90	n/a	-168
Total	35	18,208	-444

In 2004-5 the balances on Building and Vehicle Services have been reapportioned to other service headings in accordance with BVACOP.

In previous years the dividend the authority has received from its investment in Leeds Bradford International Airport Limited has been treated as interest and investment income. In 2004-5 it has been reclassified in the CRA as trading income.

Significant Trading Services Included in Net Cost of Services			
	2003-4	2004-5	2004-5
	Surplus (-)	Turnover	Surplus (-)
	/Deficit		/Deficit
	£000	£000	£000
Markets	-291	3,336	-385
Car parks	-325	1,872	-197
Trade refuse	-305	4,097	-590
Building control charges	-101	1,258	37
Total	-1,022	10,563	-1,135

Note 6. Asset Management Revenue Account

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

Asset Management Revenue Account		
	2003-4	2004-5
	£000	£000
Income		
Capital charges made to services	-34,374	-40,965
Transfer from the Government	-2,490	-3,391
Grants Deferred Account		
Expenditure		
Provision for depreciation	11,983	13,732
External interest charges	30,148	30,475
Balance transferred to the Consolidated Revenue Account	5,267	-149

Note 7. Contributions

Contributions	2003-4 £000	2004-5 £000
To and from(-) revenue reserves	-2,836	677
From Capital Receipts Reserve	0	-299
To/ from(-) Capital Financing Account in respect of:		
financing of capital expenditure	973	125
funding of debt premia	-242	0
repayment of external loans	-1,723	-1,583
Total	-992	-1,458

Revenue Reserves

Contributions to or from reserves can be seen in the Statement of Total Movement in Reserves (page 22).

Capital Receipts Reserve

From 2004-5, 75% of the authority's housing capital receipts are pooled nationally. Accordingly, the authority was required to pay £299,000 to the pool in 2004-5. A corresponding appropriation has been made from the Usable Capital Receipts Reserve to fund the payment.

Revenue Financing of Capital Expenditure

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

Funding of Debt Premia

Until 2003-4, authorities were allowed to fund the cost of debt premia from their provision for credit liabilities. This was done by an appropriation from the Capital Financing Account.

Provision for the Repayment of External Loans

The minimum revenue provision to be made by the authority for the repayment of external loans in 2004-5 was £17.642m (£16.049m in 2003-4). The required provision was made partly through amounts charged to services both for depreciation (net of deferred Government grants) and for deferred charges (see Note 4 to the Consolidated Balance Sheet on page 17). The balance of the required provision was made by an appropriation from the Consolidated Revenue Account to the Capital Financing Account.

Provision for the Repayment of External Loans	2003-4 £000	2004-5 £000
Amount charged to services as depreciation	11,983	13,732
Amortised capital grants	-2,490	-3,391
Amounts (net of grants) charged to services for deferred charges	8,279	8,884
Additional charge to the Consolidated Revenue Account	-1,723	-1,583
Total charge to revenue	16,049	17,642

Note 8. 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 2004-5 were £3.9m (£3.9m in 2003-4).

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

Authority as Lessor – Rentals receivable by the authority in respect of operating leases in 2004-5 were £5.8m (£5.9m in 2003-4).

Note 9. Building Control Trading Account

The Local Authority Building Control Regulations require authorities to provide information on the setting of charges for building control administration and require that income be not less than expenditure over a three-year period. Certain building control functions cannot be charged for e.g. general advice and liaising with other statutory authorities. The table below shows that over the last three years the building regulations account made a surplus of £85,000.

Building Regulations 2002-3 to 2004-5	2002-3 £000	2003-4 £000	2004-5 £000	Total £000
Expenditure	918	902	1,295	3,115
Income	939	1,003	1,258	3,200
Surplus (-)/ Deficit	-21	-101	37	-85

Note 10. Pension Costs

The Council participates in two different pension schemes that meet the needs of employees, both of which provide members with defined benefits related to pay and service.

The schemes are:

The Local Government Pension Scheme: This is a funded scheme for staff. The scheme is administered regionally by a number of separate funds. Bradford is a member of the West Yorkshire Pension Fund.

The authority and employees pay contributions into the fund, at a level pre determined by the fund's professionally qualified actuary at 31 March 2001 for the three years 1 April 2002 to 31 March 2005. 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 2004-5 in respect of Bradford members of the West Yorkshire Pension Fund was 9.8%. The capitalised cost of early retirement in 2004-5 absorbed within the employer contribution rate of 9.8% was £1.059m (£1.808m in 2003-4). There were 50 early retirements (excluding ill-health early retirements) in 2004-5.

Teachers Pension Scheme: This is an unfunded scheme administered by the Department for Education and Skills (DfES). The contribution rate is set by the DfEE on the basis of a notional fund. The employer contribution rate for 2004-5 was 13.5%.

Pension Costs as a Percentage of Pensionable Pay	2003-4 Costs		2004-5 Costs	
	£000	%	£000	%
Local Government Pension Scheme				
Employer contributions	14,482	9.20	16,630	9.8
Added years costs	3,130	1.99	3,142	1.85
Teachers Pension Scheme:				
Employer contributions	14,480	13.5	14,674	13.5
Added years costs	4,728	4.41	4,890	4.5

Note 10. Pension Costs (continued)

Financial Reporting Standard 17 (FRS 17)

Under FRS 17 authorities are required to:

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

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

Note 17 to the Consolidated Balance Sheet contains details of the assumptions made in estimating the figures.

Note 2 to the Statement of Total Movements in Reserves gives an analysis of the actuarial gains and losses identified as movements on the Pensions Reserve.

Pension Costs	Local Government Pension Scheme		Teachers Voluntary Early Retirement Benefits		Total	
	2003-4 £000	2004-5 £000	2003-4 £000	2004-5 £000	2003-4 £000	2004-5 £000
Current service cost	20,470	27,835	0	0	20,470	27,835
Past service cost	1,966	1,180	416	370	2,382	1,550
Charged to net cost of services	22,436	29,015	416	370	22,852	29,385
Interest Cost	49,085	54,478	3,768	3,871	52,853	58,349
Expected return on assets in the scheme	-41,886	-52,881	0	0	-41,886	-52,881
Charge to net operating expenditure	7,199	1,597	3,768	3,871	10,967	5,468
Contribution from (-)/to pension reserve	-12,023	-10,839	544	649	-11,479	-10,190
Net amount to be met from government grants and local taxation	17,612	19,773	4,728	4,890	22,340	24,663

Note 11. Members' Allowances

The total amount paid in respect of members' allowances in 2004-5 was £1.551m (£1.400m in 2003-4).

Note 12. Employees' Emoluments

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

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

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

Employee Emoluments	No of Employees	
	2003-4	2004-5
£50,000 - £59,999	56	96
£60,000 - £69,999	18	23
£70,000 - £79,999	13	16
£80,000 - £89,999	7	7
£90,000 - £99,999	2	6
£100,000 - £109,999	2	3
£110,000 - £119,999	-	2
£120,000 - £129,999	1	
£130,000 - £139,999		
£140,000 - £149,999		
£150,000 - £159,999	-	1

Note 13. 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 2004-5 the Council made a £10,000 contribution to the Tsunami Appeal.

Note 14. 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 £0.602m (£1.824m in 2003-4) and the related expenditure was £0.600m (£1.820m in 2003-4). The 2003-4 figures have been increased by £0.605m to reflect additional income and expenditure identified within the Department of Asset Management.

Note 15. Publicity Expenditure

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

Publicity Expenditure	2003-4	2004-5
	£000	£000
Staff recruiting and property advertising	2,702	2,463
Publicity and promotional services	2,222	2,024
Total	4,924	4,487

The 2003-4 figures have been increased by £38,000 to reflect additional publicity expenditure identified within the Departments of Asset Management and Regeneration and Housing.

Note 16. 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 2004-5 the Highways Agency reimbursed the Council a net £601,000 (£172,000 in 2003-4) for residual improvements.

Note 17. 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 25).

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 2004-5 it charged the Fund £541,000 in respect of support services provided (£517,000 in 2003-4). The charge includes accommodation, financial, legal and information technology services.

Subsidiary and associated companies

The Council's interest in companies is explained in Note 16 to the Consolidated Balance Sheet (page 20). Transactions with those companies in 2004-5 were:

	2003-4	2004-5
	£000	£000
Leeds Bradford International Airport Limited	-230	-312
Yorkshire Enterprise Limited	-1,398	0
Bradford City Centre Urban Regeneration Company Limited	384	465
Bradford Bovis Social Partnership Limited	1	1

Other public bodies

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

	2003-4	2004-5
	£000	£000
Payment of precepts:		
West Yorkshire Fire and Civil Defence Authority	5,203	5,669
West Yorkshire Police Authority	11,986	13,903
Parish Councils	183	449
Payments to joint committees, joint services and other bodies	18,408	16,017
Royds Community Association	-545	376
Parish Councils (running expenses)	155	36

Note 18. External Audit Costs

Authorities are required to disclose fees payable to their external auditors for services carried out, including the audit of the pension fund.

	2003-4	2004-5
	£000	£000
External Audit Costs		
Fees payable under the Audit Commission Act 1998 for:		
General audit services	361	382
Certification of grant claims and returns	134	125
Fees payable to the audit commission in respect of statutory inspection	53	55
Audit of West Yorkshire Pension Fund	34	34
Total	582	596

Note 19. Pooled Budget Scheme

The Council in association with Airedale, South and West, North and City Primary Care Trusts entered into a formal Section 31 pooled budget arrangement and established a Community Equipment Service from April 2004.

A summary of contributions and expenditure is shown below.

Pooled Fund Memorandum Account		2004-5
		£000
Funding		
Bradford Metropolitan District Council		975
Airedale Primary Care Trust		262
North Bradford Primary Care Trust		172
South and West Bradford Primary Care Trust		232
Bradford City Primary Care Trust		314
Total Funding		1,955
Expenditure		
Community equipment		1,487
Staffing		346
Infrastructure and running costs		122
Total Expenditure		1,955

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

Consolidated Balance Sheet		31 March 2004 £000	31 March 2005 £000
Fixed assets	<i>Note 1</i>	722,438	735,093
Long term investment	<i>Note 6</i>	6,000	6,000
Long term debtors	<i>Note 7</i>	6,836	6,079
Deferred premiums	<i>Note 8</i>	309	7,210
Total long term assets		735,583	754,382
Current assets:	<i>Note 9</i>		
Stocks and work in progress		1,066	1,177
Debtors and payments in advance		58,598	68,485
Investments		86,900	50,300
Cash in hand		29,502	46,905
Less current liabilities	<i>Note 9</i>		
Creditors and receipts in advance		95,469	86,101
Short term borrowing (repayable within 12 months)		7,481	14,951
Cash overdrawn		11,119	1,790
Net current assets		61,997	64,025
Total assets less current liabilities		797,580	818,407
Less:			
Long term borrowing	<i>Note 10</i>	417,259	422,382
Provisions	<i>Note 11</i>	8,482	9,357
Deferred liabilities	<i>Note 12</i>	463	570
Liability related to defined benefit pension schemes	<i>Note 17</i>	157,919	362,377
Total assets less liabilities		213,457	23,721
Financed by:			
Leeds and Bradford Airport holding	<i>Note 6</i>	6,000	6,000
Fixed assets restatement account		-443,265	-468,127
Usable capital receipts reserve		20,232	0
Capital financing account		626,297	656,403
Government grants deferred		88,515	109,788
Deferred income		1,104	1,004
Deferred capital receipts		1,556	1,263
Pensions reserve	<i>Note 17</i>	-157,919	-362,377
Revenue reserves	<i>Note 13</i>	70,937	79,767
Total equity	<i>Note 14</i>	213,457	23,721

Note 1. Fixed Assets

Valuations

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

A valuation of all assets was completed in 2003-4. The authority is not aware of any material changes in value and therefore the valuation has not been updated.

	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 2004	465,128			26,430	117,540	
Accumulated depreciation and impairment	-7,093					
Net book value at 31 March 2004	458,035	8,226	112,207	26,430	117,540	722,438
Reclassification of assets	5,632	-1,148	0	-7	-4,477	0
Additions	37,101	4,542	21,479	47	5,693	68,862
Disposals	-240	0	0	0	-8,182	-8,422
Revaluations and adjustments	-34,276	0	-490	-628	1,341	-34,053
Depreciation for year	-6,817	-2,752	-4,159	-4	0	-13,732
Net book value at 31 March 2005	459,435	8,868	129,037	25,838	111,915	735,093

Information on assets held.

Assets held on the register include the following:

Asset Information	Number held at 31 March	
	2004	2005
Other land and buildings		
Nursery schools	9	9
Primary schools	159	159
Secondary schools	28	28
Special schools	12	12
Car parks	99	99
Cemeteries and crematoria	26	26
Industrial units and workspaces	58	58
Libraries	20	20
Museums	5	5
Public halls	12	13
Recreation grounds	168	168
Recreation centres (including swimming pools)	13	13
Theatres	3	3
Youth centres	17	17
Children's homes	6	6
Elderly persons' homes	15	15
Centres for people with learning difficulties	34	34
Infrastructure assets		
Roads	1,626 km	1,626 km
Community assets		
Parks and open spaces	108	108
Non operational	1310	1310

Note 2. Capital Expenditure and Financing

	2003-4 £000	2004-5 £000
Opening Capital Financing Requirement	427,612	451,885
Capital Investment:		
Fixed assets	80,076	68,862
Deferred charges	17,437	13,030
Sources of Finance:		
Capital receipts	-20,190	-31,641
Government grants and other contributions	-36,270	-46,421
Revenue provision	-16,780	-17,768
Closing Capital Financing Requirement	451,885	437,947
The movement in the year reflects an underlying need to increase or decrease (-) borrowing:		
Borrowing supported by Government financial assistance	24,273	-15,055
Borrowing not supported by Government financial assistance	0	1,117
Total Movement	24,273	-13,938

Note 3. 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
Schools Formula Capital	6,480
Schools Modernisation Grant	5,706
Children Centres	6,433
Children's Home Residential Provision	600
Connecting the City	2,677

Note 4. Deferred Charges

These are payments of a capital nature where no fixed asset is created. They are 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 in respect of deferred charges.

The cost of deferred charges in the year was £13,030,000 (£17,437,000 in 2003-4) and grants of £4,146,000 (£9,158,000 in 2003-4) were used to fund the deferred charges. Both the costs and the grant were charged to service revenue accounts. The net cost of £8,884,000 (£8,279,000 in 2003-4) was written off to revenue in the year. No balance was carried forward in respect of deferred charges.

The net amount charged to revenue in respect of deferred charges forms part of the provision for the repayment of external loans (see Note 7 to the Consolidated Revenue Account on page 12).

Deferred Charges	Grants	Other	Total
	£000	£000	£000
Expenditure	5,934	7,096	13,030
Grant funding	1,537	2,609	4,146
Net amount charged to service revenue accounts	4,397	4,487	8,884

Note 5. Leases

The Council was committed at 31 March 2005 to make payments of £5.023m under operating leases in 2005-6, comprising the following elements:

Analysis of Operating Leases	Other Land & Buildings	Vehicles, Plant & Equipment
	£000	£000
Leases Expiring:		
In 2005-6	83	787
Between 2006-7 and 2009-10	971	2,756
After 2009-10	370	56
Total payment due in 2005-6	1,424	3,599

With regard to the authority's activities as a lessor the gross value of assets held at 31 March 2004 for use in operating leases was £37.8m and subject to depreciation of £245,000.

Note 6. Long Term Investment

This represents the Council's interest in Leeds Bradford International Airport Ltd.

The Council has a 40% interest, holding £6.0m of the total issued share capital of £15m. 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 2004-5 had been audited but was subject to final board approval.

Profit before tax £1.267m (£2.628m in 2003-4)
 Profit after tax £0.873m (£1.792m in 2003-4)
 Assets £36.735m (£36.3m in 2003-4), before dividend

Note 7. Long Term Debtors

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

The £1.004m due from Wakefield MDC is in respect of the former Waste Management arrangements. It is being repaid over a period of 15 years starting in 2000-1 at £100,000 per annum. See also Note 12 to the Statement of Total Movements in Reserves on page 24.

The amount in respect of car loans includes some loans that will fall due for repayment within the next twelve months.

Analysis of Long Term Debtors	31 March 2004	31 March 2005
	£000	£000
Advances in respect of the following are outstanding:		
Former council house tenants	1,522	1,229
Housing advances	256	243
Leeds Bradford Airport Debenture	739	674
Waste Management SSA	1,104	1,004
Car loans	3,180	2,895
Other	35	34
	6,836	6,079

Note 8. Deferred Premiums

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

Premiums of £7,128,000 were paid in respect of the early repayment and replacement of loans in 2004-5.

	2003-4	2004-5
	£000	£000
Balance brought forward	341	309
Costs incurred in the year	0	7,128
Charged to revenue in the year	32	227
Balance at the year end	309	7,210

Note 9. Net Current Assets

	31 March	31 March
	2004	2005
	£000	£000
Stocks and Work in Progress		
Stocks:		
Trading services	277	236
Other	623	922
Work in Progress:		
Trading services	166	19
	1,066	1,177

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 £46.905m and cash overdrawn of £1.790m giving a net cash figure of £45.115m in hand at 31 March 2005 (£18.383m at 31 March 2004). 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 2005 the authority had invested £16.7m on this basis.

Prior Year Adjustments

Single Regeneration Budget (SRB) assets and liabilities where the authority does not control the partnership's grant distribution process are not included in the authority's balance sheet at 31 March 2005. This is a change in treatment from earlier years. A prior year adjustment has been made to restate the balances at 31 March 2004 on a comparable basis. This:

- reduces the debtors balance by £4.060m;
- reduces creditors by £1.082m; and
- reduces cash overdrawn by £2.978m.

At 31 March 2004 the authority made advances of £1.813m to schools in respect of their 2004-5 budgets. This was reflected as a payment in advance in the 2003-4 balance sheet. In the 2004-5 balance sheet this has been reclassified as cash.

Debtors and Payments in Advance

	31 March	31 March
	2004	2005
	£000	£000
Analysis of Debtors and Payments in Advance		
Amounts falling due in one year		
Former housing tenants' rent arrears	1,230	348
Government departments	13,038	19,821
Other local authorities	277	342
Customs and Excise	2,072	1,045
Inland revenue	15	29
Council tax/ community charge/ non-domestic ratepayers	17,502	16,568
Sundry	38,872	41,362
Total	73,006	79,515
Less provision for bad and doubtful debts		
Collection Fund	5,824	5,508
Housing rents	1,230	348
Other	7,354	5,174
	58,598	68,485

Creditors and receipts in advance

	31 March	31 March
	2004	2005
	£000	£000
Analysis of Creditors and Receipts in Advance		
Amounts falling due in one year		
Government departments	13,902	7,197
Other local authorities	166	292
Inland Revenue	6,440	8,483
Customs and Excise	0	2
Payroll equalisation	4,773	5,722
Sundry	70,188	64,405
	95,469	86,101

Note 10. Long Term Borrowing

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

	Interest Rate Range	Total outstanding at 31 March	
		2004	2005
	%	£000	£000
Long Term Borrowing			
Source of Loan:			
Public Works Loan Board	4.125 to 10.25	412,884	404,448
Commercial Bank	3.7	5,200	18,700
		418,084	423,148
Analysis of loans:			
Maturing in 1 - 2 years		14,951	12,401
Maturing in 2 - 5 years		38,095	37,586
Maturing in 5 - 10 years		42,442	72,725
Maturing in 10 - 15 years		157,358	113,133
Maturing in more than 15 years		165,238	187,303
		418,084	423,148
Debt transferred to other authorities		-825	-766
		417,259	422,382

Note 11. Provisions

Provisions have been classified in accordance with the Code of Practice on Local Authority Accounting.

Movements in Provision Balances			
	31 March 2004	Transfers	31 March 2005
	£000	£000	£000
Insurance	5,567	52	5,619
Maintenance	2,606	603	3,209
Mental Health Act	117	0	117
Other	192	220	412
	8,482	875	9,357

In 2004-5 a sum of £34,000 set aside for Foster Parent payments has been reclassified as a creditor.

Purpose of Provisions

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

Analysis of Insurance Provision at 31 March		
	2004	2005
	£000	£000
Property	296	293
Liability	5,083	5,035
Motor	178	289
Other	10	2
	5,567	5,619

Maintenance - monies provided by developers for agreed future maintenance of specific recreation and highway schemes.

Mental Health Act - Consequent to a High Court decision in 1999, relating to four other local authorities, Social Services no longer raise charges for service users receiving care under S117 of the Mental Health Act 1983. The provision at 31 March 2005 is to meet the repayments relating to claims in respect of charges made before their abolition.

Note 12. Deferred Liabilities

These 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 13. Revenue Reserves Held for Schools

Revenue reserves include £10.856m at 31 March 2005 (£8.758m in 2004) held for schools and carried forward to 2005-6 under schools delegated arrangements.

Note 14. Total Equity

The total assets less liabilities of the authority are financed by movements in reserves and balances, or equity. There was a reduction in total equity of £189.736m, from £213.457m at 31 March 2004 to £23.721m at 31 March 2005. This movement is explained in the Statement of Total Movements in Reserves on page 22.

Note 15. Contingent Liabilities and Assets

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

Single Status

Single Status is the process of job evaluation and harmonisation of former officer and former manual worker terms and conditions.

Authorities are committed to completing the process and implementing agreements before March 2007, although it is possible that agreements could be reached before then. The impact on base budgets is likely to be significant. There will also be a one-off cost involved in settling the backlog claim. Although, this is a national issue, it is unlikely that government funding will be made available, either as part of formula spending or specific grant. The financial implications are not yet quantifiable, but are likely to be substantial. The authority will need to make provision for the settlement through its budgetary process and through identifying one-off funding for the backlog payment.

A budget report presented to the Executive on 14 February 2006 indicated that the costs of the compensation payments could be in the region of £13m. However, the precise outcome and value remain uncertain and therefore no provision has been made in 2004-5 accounts.

Housing Benefit Grant Funding

Funding arrangements for housing benefit payments changed in 2004-5. Previously an element was funded through formula grant but all costs are now claimed through specific grants. There is potential for authorities to gain or lose through the changes. The Department for Works and Pensions has therefore announced a limitation scheme to guarantee that no authority loses by more than 0.5%. The cost of that guarantee is to be met by limiting the gains of other authorities. Bradford is in an unusual position in that the effects of stock transfer still working their way through the figures make Bradford an apparent gainer and some of that apparent gain may therefore be clawed back. The potential clawback cannot be quantified at this time. However, the Council does have an earmarked reserve to deal with such changes in the complex benefits funding arrangements. The reserve had a balance of £854,000 at 31 March 2005.

The limitation scheme applies for three years with the limit on losses rising to 1% in 2005-6 and 2% in 2006-7. For 2004-5, Bradford suffered a retrospective clawback of grant amounting to £78,000. The adequacy of the reserve will be assessed in the light of this during 2006-7 and realigned as considered appropriate.

Section 117 Mental Health Act 1983

Authorities face potential liabilities in respect of claims made by clients for the reimbursement of care charges previously made under this Act. The liabilities could be substantial, although the level and timing of claims cannot be predicted. The authority has provided one-off budgetary cover of £0.5m for this in its 2005-6 estimates.

Pension Cases

Currently there are 94 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.

Note 16. Associated and Subsidiary Companies

The Council had financial relationships in 2004-5 with Leeds Bradford International Airport Limited, Bradford City Centre Urban Regeneration Company Limited and the Bradford Bovis Social Partnership Limited. Details are provided below. Their assets and liabilities are not included in the Council's accounts.

In addition, 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.

Details of the Council's investment in **Leeds Bradford International Airport Limited** are shown in Note 6 above.

Bradford Bovis Social Partnership Limited is a joint venture company established in 1996 to stimulate the economic, social and environmental regeneration of the Bradford area. BBSP is 50% owned by the Council and 50% by Bovis Urban Renewal Limited. The financial accounts of BBSP can be obtained from Department of Finance, Britannia House, Hall Ings Bradford BD1 1HX.

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. Its founder members were the Council and Yorkshire Forward. In 2004-5 English Partnerships joined the company as a funding partner. The financial accounts of BCR can be obtained from Department of Finance, Britannia House, Hall Ings Bradford BD1 1HX.

Profit before and after tax £32 (nil in 2003-4)
Net assets £32 (nil in 2003-4)

More information re the Council's interests in associated companies is included in the Foreword to the Group Accounts on page 34.

Note 17. Pensions

Note 10, page 12 to the Consolidated Revenue Account contains details of the authority's participation in the West Yorkshire Local Government Pension Scheme and the Teachers Pension scheme.

Local Government Pension Scheme

Set out below are the assets and liabilities for retirement benefits attributable to the Local Government Pension Scheme as assessed by the scheme's actuary, Mercer Human Resource Consulting Limited.

Local Government Pension Scheme		
	31 March 2004	31 March 2005
	£m	£m
Market value of assets	773	778
Present value of scheme liabilities	866	1,067
Deficit	93	289

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 discussed with the actuary as part of the latest full triennial valuation as at 31 March 2004.

The main financial assumptions used in the actuary's assessment of the scheme liabilities are:

	1 April 2004	31 March 2005
Financial assumptions		
Rate of inflation	2.8%	2.9%
Rate of increase in salaries	4.3%	4.65%
Rate of increase in pensions	2.8%	2.9%
Discount rate	6.3%	5.4%
Expected rate of return on assets		
Equities	7.5%	7.5%
Government bonds	4.7%	4.7%
Other bonds	5.5%	5.4%
Property	6.5%	6.5%
Cash/ liquidity	4.0%	4.75%

Assets in the West Yorkshire Pension Fund are valued at fair value, principally market value for investments and consist of the following categories, by proportion of the total assets held by the Fund.

	1 April 2004		31 March 2005	
	£m	%	£m	%
Split of assets between investment categories				
Equities	572.1	74.0	582.4	74.9
Government bonds	58.7	7.6	82.4	10.6
Other bonds	47.2	6.1	15.6	2.0
Property	39.4	5.1	41.2	5.3
Cash/liquidity	55.7	7.2	56	7.2
Total	773.1		777.6	

Teachers voluntary early retirement benefits

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 teachers voluntary early retirement benefit liabilities.

	31 March 2004	31 March 2005
	£m	£m
Present value of scheme liabilities	65	73

The financial assumptions used by the actuary in their assessment were as follows:

	1 April 2004	31 March 2005
Rate of inflation	2.8%	2.9%
Rate of increase in pensions	2.8%	2.9%
Discount rate	6.3%	5.4%

Note 17. Pensions (continued)

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

	Local Government Pension Scheme		Teachers voluntary early retirement benefits		Total	
	2003-4	2004-5	2003-4	2004-5	2003-4	2004-5
	£m	£m	£m	£m	£m	£m
Present value of scheme liabilities	866	1,067	65	73	931	1,140
Market value of assets	773	778	0	0	773	778
Pension Reserve Deficit	93	289	65	73	158	362

Note 18. Trust Funds and Custodial Money

The Finance Director acts as treasurer to approximately 60 funds (inclusive of 17 sole trustee charities), held in trust for such purposes as maintenance grants, travel scholarships and book prizes, or for the benefit and care of particular client groups. The fund balances are invested in managed funds, local authority bonds, gilt edged securities and deposit accounts. £192,000 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 consolidated balance sheet.

Analysis of Trust Funds and Custodial Money Balances				
	Balance at 1 April 2004	Expenditure	Income	Balance at 31 March 2005
	£	£	£	£
Education charities:				
Charles Semon Educational Foundation	449,969	1,560	15,975	464,384
Semon Home	2,407	2,407	165	165
Salt Foundation	231,628	87,273	85,253	229,608
Bradford area	382,841	2,867	53,428	433,402
Keighley area	404,521	2,474	22,670	424,717
Housing charities	59,618	11,541	17,979	66,056
Blind Charities	157,599	0	15,576	173,175
	1,688,583	108,122	211,046	1,791,507

The opening balance for Keighley area charities has been adjusted to reflect a capital investment made in earlier years in respect of the King George's Field Trust.

For those Trust Funds where the authority acts as sole trustee and which at 31 March 2005 had net assets of over £50,000, further details regarding the purpose of the charity and its financial performance are set out below.

Trust Fund and Charity Registration Number	Purpose	Net increase in funds in 2004-5	Balance at 31 March 2005
		£	£
Charles Semon Educational Foundation (1095912)	Promote the education of young people under 25 in need of financial assistance	14,415	464,384
King George's Field Keighley (514349)	Provision and maintenance of King George's Field recreation ground	19,620	395,489
Royd House Wilsden (700025)	Maintenance of Royd House and grounds for the perpetual use by the public	6,209	108,719
Peel Park (523509)	Maintenance, repair and improvement of land and buildings belonging to the charity	3,425	81,383

Statement of Total Movements in Reserves

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

Statement of Total Movements in Reserves		2003-4 £000	2004-5 £000
Movement in revenue reserves			
Movement on the Collection Fund	Note 3	2,126	3,586
Housing Revenue Account surplus / deficit (-)	Note 4	-218	326
General Fund surplus	Note 5	548	4,241
Movement on other revenue reserves:			
Other general reserves	Note 5	1,929	-1,100
Corporate earmarked reserves	Note 6	-4,639	392
Service earmarked reserves	Note 7	-126	1,385
Appropriation from pensions reserve		-11,479	-10,190
Actuarial gains and losses (-) relating to pensions	Note 2	103,792	-194,268
Total increase / decrease (-) in revenue resources		91,933	-195,628
Unrealised losses on the revaluation of fixed assets	Note 8	-75,134	-16,440
Effects of the disposal of fixed assets			
Decrease in usable capital receipts	Note 9	-6,844	-20,232
Capital receipts set aside as provision for credit liabilities	Note 10	0	19,189
Value of assets sold	Note 8	-12,090	-8,422
Net effect of the disposal of fixed assets		-18,934	-9,465
Movement in amounts used to finance capital investment			
Investment financed from capital receipts	Note 10	20,190	12,453
Net revenue resources used to fund capital	Note 10	-992	-1,458
Long-term debtors (financed from borrowing) repaid	Note 10	-70	-78
Movement in government grants deferred	Note 11	19,026	21,273
Total increase in amounts used to fund capital investment		38,154	32,190
Other movements			
Decrease in deferred income	Note 12	-101	-100
Decrease in deferred capital receipts	Note 13	-5,044	-293
Total decrease in other reserves and balances		-5,145	-393
Total Recognised Gains / Losses (-)		30,874	-189,736

Note 1. Movement in Revenue Reserves

		Balance at 1 April 2004 £000	Net Appropriation £000	Balance at 31 March 2005 £000
Collection Fund	Note 3	8,295	3,586	11,881
HRA	Note 4	43	326	369
General Reserves and Balances Note 5				
General Fund		6,048	4,241	10,289
General Reserves		2,110	-1,100	1,010
		8,158	3,141	11,299
Corporate Earmarked Reserves Note 6				
Change Programme		4,993	-750	4,243
Renewal and Replacement		23,393	1,248	24,641
Markets		208	-106	102
Exempt VAT		2,000	0	2,000
		30,594	392	30,986
Service Earmarked Reserves Note 7				
Schools Delegated Budget		8,758	2,098	10,856
Neighbourhood Renewal		2,406	-2,398	8
Better Use of Budgets		2,150	-1,000	1,150
Other Earmarked		10,533	2,685	13,218
		23,847	1,385	25,232
Total Revenue Reserves		70,937	8,830	79,767

Note 2. Pension Reserve

The main reason for the change in the estimated pension net liability of £158m at 31 March 2004 to the estimated pension net liability of £362m at 31 March 2005 is due to the impact of actuarial gains and losses. The table below sets out these changes as percentages of the overall assets and liabilities.

	Local Government		Teachers	
	Gain/ Loss (-)	% of Total asset / liability	Gain/ Loss (-)	% of Total asset / liability
	£000		£000	
Gain or loss (-) on the difference between expected and actual return on assets	46,452	6.0% of assets	0	-
Gain or loss (-) on the difference between actuarial assumptions on liabilities and actual experience	-54,260	5.1% of liabilities	-915	1.3% of liabilities
Gain or loss (-) on changes in demographic and financial assumptions affecting the estimation of liabilities	-177,624	16.6% of liabilities	-7,921	10.9% of liabilities
Total	-185,432	17.4% of liabilities	-8,836	12.1% of liabilities
Comparative total 2003-4	102,255		1,537	

Note 3. Collection Fund

The surplus can only be used to reduce council tax and cannot be used to fund expenditure. The Collection Fund Statement is shown on page 28.

Note 4. Housing Revenue Account

The HRA statement is shown on page 27.

Note 5. General Reserves and Balances

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

Note 6. Corporate Earmarked Reserves

Change Programme Reserve

In 2004-5 a net contribution of £750,000 was made from this reserve to provide for costs arising from the Council's Change Programme. The reserve is used to support budget initiatives and council revenue spending.

Renewal and Replacement Reserve

This provides funds to finance capital expenditure and to manage and optimise capital resources. The balance at 31 March 2005 is £24.641m. Of this £1.460m is a working balance, the rest being held for specific purposes. The working balance acts as a contingency supporting the capital investment plan (in the same way that the General Fund balance supports revenue spending).

Markets Reserve

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

Exempt VAT Reserve

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

Note 7. Service Earmarked Reserves

Schools Delegated Budget

Schools have underspent their delegated budgets by a net £10.856m. These sums have been carried forward to schools budgets in 2005-6 through this account in accordance with delegated arrangements.

Better Use of Budgets

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

Other Earmarked Reserves

These are held for services for specific purposes. The balance at 31 March 2005 includes reserves for building works (£2.566m) and equipment (£0.612m) and also an earmarked amount of £2.397m in respect of schools non-domestic rate refunds.

Note 8. 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.

	2003-4	2004-5
	£000	£000
Balance at 1 April	356,041	443,265
Unrealised gains from revaluation of fixed assets	75,134	16,440
Value of assets sold	12,090	8,422
Balance at 31 March	443,265	468,127

Note 9. Usable Capital Receipts Reserve

Authorities are required to pay 75% of their housing capital receipts into a national pool. 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.

Prior Year Adjustment

The authority received an additional borrowing approval in respect of 2003-4 after the accounts had been prepared. The effect is to reduce the use of capital receipts and increase the use of external borrowing in 2003-4. The balances on the Capital Receipts Reserve and the Capital Financing Account at 1 April 2004 have been amended to reflect this.

	2003-4	2004-5
	£000	£000
Balance at 1 April	-27,076	-20,203
Prior year adjustment	0	-29
Adjusted opening balance	-27,076	-20,232
Usable receipts in the year	-13,345	-11,709
Appropriation to Revenue Account re pooled housing receipts	0	299
Used to finance capital spending	20,218	12,453
Used for debt repayment	0	19,189
Balance at 31 March	-20,203	0

Note 10. 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.

	2003-4	2004-5
	£000	£000
Balance at 1 April	-607,169	-626,326
Prior year adjustment (see Note 9)	0	29
Adjusted opening balance	-607,169	-626,297
Capital receipts set aside as provision for credit liabilities	0	-19,189
Capital receipts applied to fund capital investment	-20,219	-12,453
Net charge to/ from (-) revenue	992	1,458
Write-down of long-term debtors	70	78
Balance at 31 March	-626,326	-656,403

The net charge to or from revenue is explained in Note 7 to the Consolidated Revenue Account on page 12.

Note 11. Government Grants Deferred

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

Government Grants Deferred		
	2003-4	2004-5
	£000	£000
Balance brought forward	69,489	88,515
Grants deferred in the year	21,763	24,664
Disposals	-247	0
Amounts released re depreciated assets	-2,490	-3,391
Balance at the year end	88,515	109,788

Note 12. 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 2005 was £1m. See also Note 7 to the Consolidated Balance Sheet on page 17.

Note 13. Deferred Capital Receipts

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

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

Cash Flow Statement	2003-4	2004-5
	£000	£000
Revenue activities: cash outflows		
Cash paid to and on behalf of employees	-408,266	-428,869
Other operating cash payments	-426,403	-419,630
Exceptional payments	-2,562	0
Housing benefit paid out	-87,837	-90,166
Precept paid to Police and Fire Authorities	-17,189	-19,572
Non-domestic rates paid to national pool	-102,546	-105,040
Payments to the capital receipts pool	0	-299
Total cash outflows	-1,044,803	-1,063,576
Revenue activities: cash inflows		
Council tax receipts	114,201	121,310
Non-domestic rate receipts from ratepayers	102,546	105,040
Non-domestic rate receipts from national pool	136,985	132,236
Revenue Support Grant	291,170	318,119
DWP grants for benefits	82,675	90,918
Other government grants	181,429	194,162
Other operating cash	161,965	133,852
Exceptional receipts	1,398	0
Disbursement from the Collection Fund and other cash	1	1
Dividends from associated companies	90	168
Total cash inflows	1,072,460	1,095,806
Net cash inflow from revenue activities	27,657	32,230
Servicing of Finance		
Cash outflow –interest paid	-30,148	-30,475
Cash inflow –interest received	3,066	3,484
Net cash outflow from servicing of finance	-27,082	-26,991
Capital activities: cash outflows		
Purchase of fixed assets	-94,933	-84,450
Capital activities: cash inflows		
Sale of fixed assets	13,345	11,709
Capital grants and other receipts	36,347	45,041
Net cash outflow from capital activities	-45,241	-27,700
Total net cash outflow before financing	-44,666	-22,461
Management of liquid resources: Net decrease in short-term deposits	39,900	36,600
Financing		
Cash outflows – repayments of amounts borrowed	-9,585	-29,772
Cash inflows -new loans raised	24,000	42,365
Net cash inflow from financing	14,415	12,593
Increase in cash	9,649	26,732

As a result of prior year adjustments in respect of Single Regeneration Budget assets and liabilities and advances paid to schools (see Note 9 to the Consolidated Balance Sheet on page 18) cash at 31 March has increased by £ 4.791m.

Note 1. Reconciliation of the Surplus on Revenue Accounts to Revenue Activities Net Cash Flow

Reconciliation of the Surplus on Revenue to Revenue Activities Net Cash Flow	2003-4 £000	2004-5 £000
Net surplus for year on General Fund, HRA and collection fund	2,456	8,153
Items on accruals basis:		
Decrease / increase (-) in stocks	156	-111
Decrease / increase (-) in amounts due to Council	17,430	-16,395
Increase / decrease (-) in amounts due from Council	-32,429	-5,429
Items classified elsewhere on the cash flow statement:		
Interest paid	30,148	30,475
Interest received	-3,066	-3,484
Deferred charges	8,279	8,884
Non cash items:		
Contributions to / from (-) reserves	4,683	10,137
Revenue activities - net cash flow	27,657	32,230

Note 2. Other Government Grants

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

Other Government Grants	2003-4 £000	2004-5 £000
Education and schools	79,580	91,848
Council tax benefit and benefits administration	28,445	32,176
Supporting People	21,245	20,829
Personal social services	19,381	17,739
Neighbourhood renewal	13,407	9,812
Early years	4,219	4,554
Childrens Fund	3,985	2,788
Safer communities	0	2,513
European Union	1,247	2,215
Mental illness	1,768	1,971
Health education	802	1,374
Arts, heritage and leisure	0	1,336
Social services carers	964	1,198
Adult education	651	1,162
Single Regeneration Budget	1,365	673
Youth training	489	584
Employment	1,190	561
Invest to save	634	367
Asylum accommodation	397	234
Mandatory student awards	809	0
Housing revenue account subsidy	687	0
Other	164	228
Total	181,429	194,162

Note 3. Reconciliation of Net Cash Flow to the Movement in Net Debt

Reconciliation of Net Cash Flow to the Movement in Net Debt	Movement 2004-5 £000
Increase in net cash in the period (Note 4)	26,732
Cash flow changes	
Cash inflow from an increase in debt	-12,593
Decrease in liquid resources	-36,600
Movement in net debt in the period	-22,461

Note 4. Analysis of Changes in Net Debt.

Analysis of Changes in Net Debt	Balance 31 March 2004 £000	Change £000	Balance 31 March 2005 £000
Cash in hand	29,502	17,403	46,905
Cash overdrawn	-11,119	9,329	-1,790
Debt due within one year	-7,481	-7,470	-14,951
Debt due after more than one year	-417,259	-5,123	-422,382
Management of liquid resources - short term investments	86,900	-36,600	50,300
Net Debt	-319,457	-22,461	-341,918

On 24 February 2003 the Council transferred ownership of its housing stock to Bradford Community Housing Trust. The account shows some residual transactions in 2003-4 and 2004-5 pending closure of the account.

The Council has received Government approval for closure of the HRA with effect from 1 April 2005. The surplus on the account will be transferred to general fund balance at that date.

Housing Revenue Account	<i>Note</i>	2003-4	2004-5
		£000	£000
Income			
Government grants receivable	<i>Note 1</i>	537	-20
Reduced bad debt provision	<i>Note 2</i>	0	262
Total income		537	242
Expenditure			
Repairs		-15	0
Bad debts and write-offs		870	0
Rents, rates and other charges		50	19
Total expenditure		905	19
Net cost of services		368	-223
Interest receivable		-150	-103
Net operating expenditure		218	-326
Surplus(-) /deficit for the year		218	-326
Balance at the beginning of year		-261	-43
Balance at the year end		-43	-369

Note 1. Government Grants

The grant adjustment in 2004-5 is in respect of housing subsidy. The final claim is now settled.

Note 2. Provision for Doubtful Debts

The Council made 100% doubtful debt provision in 2003-4 for all outstanding amounts due from former tenants. Recovery action has continued however and £262,000 was collected in 2004-5. The provision has been reduced accordingly.

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

Collection Fund		2003-4 £000	2004-5 £000
Income			
Due from council tax payers (excluding benefits)	<i>Note 1</i>	115,649	121,310
Due in respect of council tax benefits		25,438	27,533
Due from business ratepayers	<i>Note 2</i>	103,330	105,829
Community charge previous years' adjustment	<i>Note 3</i>	2	1
Total income		244,419	254,673
Expenditure			
Precepts			
Bradford Council		119,814	124,519
West Yorkshire Fire and Civil Defence Authority		5,203	5,669
West Yorkshire Police Authority		11,986	13,903
Business rate			
Payment to national pool	<i>Note 2</i>	102,546	105,040
Costs of collection		784	789
Council tax write-offs		1,631	1,439
Contribution from provision for losses on collection	<i>Note 4</i>	-348	-272
Council tax support from collection fund surplus		677	0
Total Expenditure		242,293	251,087
Net increase in the fund balance		2,126	3,586
Balance at beginning of year		6,169	8,295
Collection Fund balance at end of year	<i>Note 5</i>	8,295	11,881

Note 1. Council Tax

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

Properties in the middle band D, were charged at £1,057.78 in 2004-5 (£1,015.06 in 2003-4) to cover the precepts of the three authorities. This figure does not include any precepts for Parish/Town Councils.

Council Tax Base				
Band	Number of chargeable dwellings 2004-5	Multiplier	2003-4 Band D Equivalent	2004-5 Band D Equivalent
A*	103	5/9	47	57
A	69,751	6/9	45,879	46,501
B	34,673	7/9	26,771	26,968
C	31,567	8/9	27,947	28,060
D	13,407	9/9	13,146	13,407
E	9,921	11/9	11,815	12,126
F	4,720	13/9	6,646	6,818
G	3,100	15/9	5,071	5,167
H	205	18/9	403	410
Total Band D equivalent			137,725	139,514
Adjustment for estimated losses on collection			2,755	3,294
Council Tax Base			134,970	136,220

Note 2. Business Rates

The Council collects business rates (non-domestic rates) for its area. The rate in the £ is set by central government and was 45.6p in 2004-5 (44.4p in 2003-4). The total amount, less certain reliefs and deductions, is paid to a central pool managed by the government, which then redistributes the money to the General Funds of all precepting authorities on the basis of a fixed amount per head of population. Bradford's share of the pool for 2004-5 was £132m (£137m in 2003-4). The business rates income, after reliefs and provisions, was based on an average rateable value for the Council's area of £293,373,505 for 2004-5 (£293,063,364 for 2003-4).

Note 3. Community Charge

Community charge ceased on 31 March 1993. Any arrears which are now 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 2005 was £5.149m (£5.421m at 31 March 2004).

Note 5. Fund Balance

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

Collection Fund Balance		
	2003-4	2004-5
	£000	£000
Community Charge		
Surplus b/fwd 1 April	106	108
Surplus in year	2	1
Accumulated surplus c/fwd	108	109
Council Tax		
Surplus b/fwd 1 April	6,063	8,187
Surplus in year	2,801	3,585
Used in council tax support	-677	0
Accumulated surplus c/fwd	8,187	11,772
Accumulated surplus on Fund at 31 March	8,295	11,881

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.

The West Yorkshire Pension Fund provides for the payment of defined pension benefits to members or their dependants, from participating employers. It publishes its own Report and Accounts document which is available from the Finance Director.

West Yorkshire Pension Fund			
Fund Account For the Year Ending 31 March 2005			
		Restated 2003-4 £000	2004-5 £000
Contributions and Benefits			
Employers' contributions	<i>Note 4</i>	116,176	132,371
Special employers' contributions	<i>Note 4</i>	0	207
Employees' contributions	<i>Note 4</i>	72,711	78,588
Transfers in		36,616	85,344
Other income		8	1
Non-statutory pensions and pensions increases recharged		18,264	18,252
Income total		243,775	314,763
Pensions	<i>Note 5</i>	158,941	168,328
Lump sums (including retirement and death grants)	<i>Note 5</i>	35,550	36,908
Non-statutory pensions and pensions increase		18,264	18,252
Refund of contributions		1,385	1,559
Transfers out		20,255	23,968
Administrative and other expenses borne by the scheme		3,938	4,351
Expenditure Total		238,333	253,366
Net additions from dealings with members		5,442	61,397
Returns on investments			
Investment income		149,801	155,056
Change in market value of investments (realised and unrealised)		712,648	435,487
Stock Lending	<i>Note 7</i>	825	1,013
Underwriting commission	<i>Note 7</i>	4	9
Investment management expenses		-1,220	-1,191
Net return on investments		862,058	590,374
Net increase in the fund during the year		867,500	651,771
Opening net assets of the scheme		3,695,766	4,563,266
Closing net assets of the scheme		4,563,266	5,215,037
Net Assets Statement			
Investments			
	<i>Note 6</i>		
Fixed interest securities		386,324	410,201
Equities (including convertible shares)		3,108,269	3,568,184
Index-linked securities – UK quoted		222,821	232,610
Managed and Unitised funds		471,846	573,994
Other – sterling deposits		328,200	367,700
Accrued purchases		-6,239	-1,052
Accrued sales		550	7,346
Investments at market value 31 March		4,511,771	5,158,983
Current assets and liabilities			
Debtors	<i>Note 8</i>	53,320	54,649
Creditors	<i>Note 8</i>	-2,062	-2,556
Cash in hand *		237	3,961
Net current assets and liabilities		51,495	56,054
Net assets of the scheme at 31 March		4,563,266	5,215,037
* This figure takes account of cheques drawn but not presented, the balance on the bank account at 31 March was £1,977,900.51			

Note 1. Operations and Membership

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

Legal Status – It is a statutory scheme and the benefits are paid out under the provisions of the Local Government Pension Scheme Regulations as amended. Contributing members are contracted out of the State Earnings Related Pension Scheme. Exempt approval has been granted by the Inland Revenue 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 MDCs, two trade union representatives, two city advisors, Finance Director (Department of Finance) of Bradford, and one other district director of finance on a rotational basis.

Participating Employers – There were 176 participating employers at 31 March 2005 whose employees were entitled to be contributors to the Fund.

Membership – Members totalled 188,585 on 31 March 2005, whilst beneficiaries including current pensioners (inclusive of widows' and children's pensions in payment) of 52,033 and preserved pensions of 46,673.

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

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

Note 3. Statement of Accounting Policies

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

Listed Investments

Listed investments are shown at market value. The market value of the investments based on the middle market quotation of the relevant stock exchange was £5,152.7m on 31 March 2005. The book cost of these investments was £3,637.5m on that date.

Due to a change in accounting policy, for the first time in 2004/05 the Additional Voluntary Contribution (AVC) investments are not shown in the Fund Account and Net Assets Statement. Consequently the AVC investments included in the 'opening net assets' at the beginning of the financial year have been removed in 2003/4 (note 10).

Currency Translation

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

Transfers

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

Investment Income

Investment income is accounted for when received except that interest due on fixed interest securities, index linked securities and short-term investments is accounted for on an accruals basis, and income from UK equities is accounted for on the date when stocks are quoted ex-dividend. In 2003/4 the accrued income for fixed interest and index-linked securities was wrongly included in the market value of investments as opposed to investment income, and this has been corrected as a prior period adjustment (note 10).

Contributions

Contributions are accounted for when due.

Expenditure

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

Note 4. Contributions Receivable

Analysis of Contributions Receivable	2003-4	2004-5
	£000	£000
Administering authority	23,903	27,336
Scheduled bodies	132,548	147,052
Admitted bodies	32,436	36,778
Total Contributions Receivable	188,887	211,166

Note 5. Benefits Payable

Analysis of Benefits Payable	2003-4	2004-5
	£000	£000
Administering authority	33,394	34,365
Scheduled bodies	145,599	153,292
Admitted bodies	14,751	16,902
Other interested bodies with no pensionable employees	747	677
Total Benefits Receivable	194,491	205,236

Note 6. Investments at Market Value

Investments	Restated Opening Value at 1 April 2004 £000	Purchases Cost £000	Sale Proceeds £000	Change in Market Value £000	Closing Value at 31 March 2005 £000
Fixed Interest Securities	386,324	119,823	-94,262	-1,684	410,201
Equities	3,108,269	312,827	-209,546	356,634	3,568,184
Index-linked Securities	222,821	23,896	-21,921	7,814	232,610
Managed & Unitised Funds	471,846	49,455	-20,030	72,723	573,994
Cash Deposits	328,200	39,500	0	0	367,700
Accrued Purchases	-6,239	5,187	0	0	-1,052
Accrued Sales	550	0	6,796	0	7,346
Total Investments	4,511,771	550,688	-338,963	435,487	5,158,983

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.

	2003-4 £000	2004-5 £000
Fixed Interest Securities:		
UK Public Sector quoted	190,583	222,131
UK Other quoted	69,888	69,460
Overseas Public Sector quoted	77,567	79,110
Overseas Other quoted	48,286	39,500
	386,324	410,201
Equities:		
UK quoted	2,047,197	2,352,552
UK unquoted	27,438	33,276
Overseas quoted	1,005,607	1,146,942
Overseas unquoted	28,027	35,414
	3,108,269	3,568,184
Index Linked Securities:		
UK Public Sector quoted	148,267	152,448
UK Other quoted	26,907	32,635
Overseas Public Sector quoted	47,647	47,527
	222,821	232,610
Managed and Unitised Funds:		
Property	230,747	274,712
Other	241,099	299,282
	471,846	573,994
Cash Deposits:		
Sterling	328,200	367,700

Note 7. Other Income

Analysis of Other Income	2003-4 £000	2004-5 £000
Stock Lending		
Income - Fixed Interest	133	77
- UK Equities	573	697
- International Equities	262	376
Expenditure	-143	-137
Underwriting Commission	4	9
Total	829	1,022

As at 31 March 2005, £1,036.4m of stock was on loan to market makers, and this was covered by collateral totalling 1,094.1m (which includes an appropriate margin), comprising Bonds (£66.3m), Letters of Credit (£144.5m) and Stocks and Shares (£883.3m).

Note 8. Current Assets and Liabilities

Current Assets and Liabilities	2004 £000	2005 £000
Assets		
Contributions due from employees and employers	15,053	16,068
Accrued income	34,848	33,873
Other debtors	3,419	4,708
	53,320	54,649
Creditors		
PAYE	1,684	1,870
Other creditors	378	686
	2,062	2,556

Note 9. Related Party Transactions

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

In 2004-5, Bradford Metropolitan District Council charged the West Yorkshire Pension Fund £541,000 in respect of support services provided (£517,000 in 2003-4). The charge included accommodation, financial, legal and information technology services.

Note 10. Prior Period Adjustments

Two prior period adjustments relating to 2003/4 have been made in the accounts. Firstly due to a change in accounting policy the AVC transactions and investments are not shown in the Fund Account and the Net Asset Statement. Secondly, in 2003/4 accrued income for fixed interest and index-linked securities was included in the market value of investments as opposed to within investment income. The table below summarises the adjustments made to restate 2003-4.

Line in the 2003-4 Statement:	2003-4 £000	AVC Adjustment £000	Accrued Income Adjustment £000	2003-4 Restated £000
Contributions and Benefits				
AVC Income	-2,369	2,369		0
AVC Expenditure	1,796	-1,796		0
Net additions from dealings with members	6,015	573		5,442
Returns on Investments				
Investment Income	140,416	-	9,385	149,801
Change in market value of investments (realised and unrealised)	723,862	-1,829	-9,385	712,648
Net return on investments	863,887	-1,829		862,058
Net increase in the fund in the year	869,902	-2,402		867,500
Opening net assets of the fund	3,708,721	-12,955		3,695,766
Closing net assets of the fund	4,578,623	-15,357		4,563,266
Net Asset Statement				
Fixed interest securities	395,528		-9,204	386,324
Index-linked securities – UK quoted	223,002		-181	222,821
Investments at market value 31 March	4,536,513	-15,357	-9,385	4,511,771
Debtors	43,935		9,385	53,320
Net Assets of the Fund at 31 March	4,578,623	-15,357		4,563,266

Note 11. Contingent Liabilities and Contractual Commitments

At 31 March 2005 the West Yorkshire Pension Fund had invested £68m in private equity funds; however the total amount the Fund has committed to be invested is £209m.

Note 12. Statement of Investment Principles

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

Note 13. 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

Bradford and Ilkley Community College
Calderdale College
City of Leeds College of Music
Denby Dale Parish Council
Department for Constitutional Affairs (Magistrates Courts)
Dewsbury College
Greenhead Sixth Form College
Hebden Royd Town Council

Hemsworth Town Council
Holme Valley Parish Council
Huddersfield New College
Huddersfield Technical College
Ilkley Parish Council
Joseph Priestly College
Keighley College
Kirkburton Parish Council
Leeds College of Art and Design
Leeds College of Building
Leeds College of Technology
Leeds Metropolitan University
Morley Town Council
New College Pontefract
Northern Schools of Contemporary Dance
Notre Dame Sixth Form College
Otley Town Council
Park Lane College
ShIPLEY College
South Elmsall Town Council
Thomas Danby College
Todmorden Parish Council
University of Huddersfield
Wakefield College
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
Yorkshire Purchasing Organisation

Background

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

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

This is the first year in which group statements have been required. The statements therefore do not contain comparative figures for the previous year. This is in accordance with the Code of Practice.

Consistency with Generally Accepted Accounting Practice (UK GAAP)

The accounting policies adopted by local authorities are set out in the Code of Practice on Local Authority Accounting. They differ in some respects from UK GAAP since they are adapted to meet specific local authority legislative requirements. In order to consolidate the authority's accounts into the Group Accounts, some adjustments must first be made to ensure they are fully compliant with UK GAAP:

- Profit or losses on the disposal of assets must be charged to the Group Income and Expenditure Account. This shows where the authority has either achieved a sale price above the market value or disposed of assets at below market value. The profit or loss is balanced within the income and expenditure account by an appropriation to capital reserves.
- The concept of the Asset Management Revenue Account does not exist in GAAP. The account must be eliminated and its constituent elements shown in appropriate lines within the Group Income and Expenditure Account.
- Trust funds are excluded from an authority's Statement of Accounts but should be included in the Group Accounts where the authority is sole trustee and has access to economic benefits through the trust. Accordingly, the following trusts have been incorporated
 - King George's Field, Keighley (No. 514349)
 - Royd House, Wilsden (No. 700025)
 - Peel Park, Bradford (No. 523509)

Bradford's Group Accounts

There are three associated companies in which the council has interests:

- 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, in which the founder members were the Council and Yorkshire Forward. In 2004-5 English Partnerships joined the company as a funding partner.
- Bradford Bovis Social Partnership Limited (BBSP): The company is owned 50% by the Council and 50% by Bovis Urban Renewal Limited

The Council's interest in BCR and BBSP are not material in terms of the Group Accounts. The BCR net profit in

2004-5 was only £32 and its net assets at 31 March 2005 were also £32. The BBSP interim statements for the company at 31 March 2005 show a net loss for the period of £361 and net assets of £100.

Only the Council's interest in LBIA has been consolidated into the Group Accounts.

Basis of Consolidation

Figures in respect of LBIA have been consolidated into the Group Accounts using the Equity Method. This means that:

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

Notes to the Group Accounts explain the consolidation entries.

Introduction to the Group Accounts

The authority has a 40% interest in Leeds Bradford International Airport Limited (LBIA). The group account statements that follow show the consolidated financial position of the authority and its interest in LBIA. The main effects of this consolidation have been:

- The Group Income and Expenditure Account shows an increase in net operating expenditure of £652,000. This results from the UK GAAP treatment of losses on disposal of assets (£875,000) less the authority's share of LBIA's net operating surplus (£194,000) and interest earned by trust funds (£29,000). These amounts have been appropriated to reserves. As a result the amount to be met from government grants and local taxation remains the same as shown in the authority's own Consolidated Revenue Account on page 10.
- The Group Balance Sheet shows group reserves £6,043,000 higher than in the authority's own balance sheet. The increase is due to the inclusion of LBIA in the income and expenditure reserves (£5,457,000) and trust fund reserves (£586,000).

Group Income and Expenditure Account for the Year Ended 31 March 2005			
	Gross Expenditure £000	Income £000	Net Expenditure £000
Expenditure on services			
Education	407,112	127,836	279,276
Social Services	216,686	87,146	129,540
Environmental Services	56,684	15,337	41,347
Cultural and Related Services	43,843	18,767	25,076
Planning and Development Services	40,871	19,844	21,027
Highways, Roads and Transport Services	24,455	5,039	19,416
General Fund Housing	126,324	119,436	6,888
Central Services to the Public	36,176	32,107	4,069
Corporate Management	9,080	3,701	5,379
Democratic Representation and Management	4,492	9	4,483
Non distributed costs	4,207	4,418	-211
Court and Probation Services	1,687	540	1,147
Discontinued services – Housing Revenue Account	19	242	-223
Share of operating results of associates	0	540	-540 <i>Note 2</i>
Losses on disposal of fixed assets	875	0	875 <i>Note 1</i>
Net cost of services	972,511	434,962	537,549 <i>Note 1</i>
West Yorkshire Passenger Transport Levy			12,861
Parish Council Precept			449
Trading services surpluses (-) / deficits			-444
Interest and investment income			-4,326
Share of interest receivable by associate companies			-92 <i>Note 2</i>
Interest payable			30,475 <i>Note 1</i>
Share of interest payable by associate companies			231 <i>Note 2</i>
National pooling of housing capital receipts			299
Net pension interest cost and expected return on pensions assets			5,468
Share of net pension interest cost and expected return on pensions assets of associate companies			50 <i>Note 2</i>
Share of taxation of associate companies			157 <i>Note 2</i>
Net operating expenditure			582,677
Appropriations			
Transferred to Housing Revenue Account			326
Contributions to / from (-) revenue reserves			677
Useable Capital Receipts Reserve			-299
the Capital Financing Account			-1,458
the Pension Reserve			-10,190
Trust Fund Reserve			29 <i>Note 1</i>
capital reserves re losses on disposal of fixed assets			-875 <i>Note 1</i>
Group Income and Expenditure Reserve			194 <i>Note 2</i>
Amount to be met from government grants and local taxation			571,081
Council tax			-124,968
Redistribution of non-domestic rate income			-132,236
Revenue Support Grant			-318,118
Distribution of the Collection Fund surplus			0
Net General Fund surplus			-4,241
General Fund Reserve at the beginning of the year			-6,048
General Fund Reserve at the end of the year			-10,289

Note 1. Adjustments to Ensure Consistency with Generally Accepted Accounting Practice (UK GAAP)

The authority's Consolidated Revenue Account has been adjusted before consolidation to a form consistent with UK GAAP. The following adjustments have been made:

Losses on Disposal of Fixed Assets

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

Asset Management Revenue Account (AMRA)

The use of the AMRA is part of local authority accounting practice and is not consistent with UK GAAP. The AMRA balance has therefore been eliminated from the authority's revenue account before consolidation as follows:

Elimination of AMRA Balance		£000
Interest charges to services (and credited to AMRA) removed	-27,233	
Amortised capital grants removed from AMRA and credited to relevant services	-3,391	
Effect on Net Cost of Services	-30,624	
External interest charges now shown as interest payable	30,475	
AMRA balance removed	149	
Effect on Net Operating Expenditure	0	

Directly Managed Funds

Three trust funds have been included in the authority's accounts before consolidation. There was investment income of £29,000 in respect of the trusts in 2004-5. The inclusion of this income has increased interest and investment income from the £4,297,000 shown in the authority's revenue account to £4,326,000 in the group account. The trust fund income has been taken to the Trust Fund Reserve.

The net assets of the trust funds have also been brought into the authority's balance sheet before consolidation.

Note 2. Operating Results of Associates

The authority's share (40%) of the Leeds Bradford International Airport Limited operating surplus for the year has been included in the group income and expenditure account. The surplus was first adjusted to bring pensions liabilities into line with the requirements of Financial Reporting Standard 17. The entries in the income and expenditure account in respect of LBIA are:

Consolidation of LBIA Operating Surplus		£000
Share of operating results included in net cost of services	-540	
Share of interest payable	231	
Share of interest receivable	-92	
Share of net pension interest cost and expected return on pensions assets	50	
Share of taxation	157	
Effect on Net Operating Expenditure	-194	
Appropriation to Group Income and Expenditure Reserve	194	

Group Balance Sheet as at 31 March 2005			£000
Fixed assets			735,093
Investment in associate companies	<i>Note 2</i>		11,379
Long term debtors			6,079
Deferred premiums			7,210
Total long term assets			759,761
Current assets:			
Stocks and work in progress			1,177
Debtors and payments in advance	<i>Note 2</i>		68,563
Investments	<i>Note 1</i>		50,692
Cash in hand	<i>Note 1</i>		47,099
Less current liabilities			
Creditors and receipts in advance			86,101
Short term borrowing (repayable within 12 months)			14,951
Cash overdrawn			1,790
Net current assets			64,689
Total assets less current liabilities			824,450
Less:			
Long term borrowing			422,382
Provisions			9,357
Deferred liabilities			570
Liability related to defined benefit pension schemes			362,377
Total assets less liabilities			29,764
Financed by:			
Fixed assets restatement account			-468,127
Capital financing account			656,403
Government grants deferred			109,788
Deferred income			1,004
Deferred capital receipts			1,263
Pensions reserve			-362,377
Income and expenditure reserves	<i>Note 2</i>		91,224
Trust Fund Reserves	<i>Note 1</i>		586
Total equity			29,764

Note 1. Adjustments to Ensure Consistency with Generally Accepted Accounting Practice (UK GAAP)

The authority's Consolidated Balance Sheet has been adjusted before consolidation to a form consistent with UK GAAP. The adjustments are in respect of Directly Managed Funds. Three trust funds have been included in the authority's accounts before consolidation as follows:

Inclusion of Directly Managed Funds			
	Authority Balance Sheet £000	Trust Funds Included £000	Adjusted Balance Sheet £000
Investments	50,300	392	50,692
Cash in hand	46,905	194	47,099
Trust fund reserves	0	586	586

Note 2. Consolidation of Associates

The authority's share (40%) of Leeds Bradford International Airport Limited's net assets have been consolidated into the Group Balance Sheet. The sums included are:

Consolidation of LBIA		£000
Long term asset – investment in LBIA		11,379
Debtor in respect of dividend		78
Total assets		11,457
Group Income and Expenditure Reserve		11,457

The sums consolidated are based on the LBIA balance sheet after adjustment to incorporate pensions liabilities in accordance with the requirements of Financial Reporting Standard 17.

Note 3. Valuation of Fixed Assets

LBIA fixed assets are valued in the company's balance sheet at depreciated historic cost and have been consolidated within the Group Balance Sheet on that basis. The total value of LBIA fixed assets is £76.7m and Bradford's share for consolidation is £30.7m.

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.

Note 4. Debenture Loan

There is a debenture loan outstanding under which LBIA makes annual repayments, with interest, to the authority. The amount outstanding at 31 March 2005 was £674,184. The loan period runs until 2011-2, by which year it will be fully repaid.

The authority included the outstanding loan as a long-term debtor in its balance sheet at 31 March 2005. On consolidation, it is shown as a long-term debtor in the Group Balance Sheet. The loan was recognised as a long-term creditor in LBIA's balance sheet at 31 March 2005. On consolidation it forms part of the net assets of the company included as a long-term investment on the Group Balance Sheet.

Group Statement of Total Movement in Reserves

Group Statement of Total Movement in Reserves for the Year Ended 31 March 2005		£000
Movement in revenue reserves		
Movement on the Collection Fund		3,586
Housing Revenue Account surplus / deficit (-)		326
General Fund surplus		4,241
Movement on other revenue reserves:		
Other general reserves		-1,100
Corporate earmarked reserves		392
Service earmarked reserves		1,385
Trust funds	<i>Note 1</i>	29
Movement on group income and expenditure reserve	<i>Note 2</i>	349
Appropriation from pensions reserve		-10,190
Appropriation from group pensions reserve	<i>Note 2</i>	-155
Actuarial losses relating to pensions		-194,268
Group actuarial losses relating to pensions	<i>Note 2</i>	-253
Total increase / decrease (-) in revenue resources		-195,658
Unrealised losses on the revaluation of fixed assets		-16,440
Effects of the disposal of fixed assets		
Decrease in usable capital receipts		-20,232
Capital receipts set aside as provision for credit liabilities		19,189
Value of assets sold		-8,422
Net effect of the disposal of fixed assets		-9,465
Movement in amounts used to finance capital investment		
Investment financed from capital receipts		12,453
Net revenue resources used to fund capital		-1,458
Long-term debtors (financed from borrowing) repaid		-78
Movement in government grants deferred		21,273
Total increase in amounts used to fund capital investment		32,190
Other movements		
Decrease in deferred income		-100
Decrease in deferred capital receipts		-293
Total decrease in other reserves and balances		-393
Total Recognised Gains / Losses (-)		-189,766

Note 1. Trust Funds Reserves

The reserves of the three trust funds included in the authority's accounts prior to consolidation increased by £29,000 in the year.

Note 2. Consolidation of Associates

Leeds Bradford International Airport's 2004-5 operating profit was £873,000. The authority's share (£349,000) has been appropriated to the Group Income and Expenditure Reserve.

The LBIA accounts have been adjusted on consolidation in accordance with Financial Reporting Standard 17, which governs the accounting treatment of pensions costs. This results in further movements in respect of actuarial losses and appropriations to the group pensions reserve.

The total movements on consolidation are:

Consolidation of LBIA		£000
Operating surplus appropriated to group income and expenditure reserve		349
Appropriation from group pensions reserve		-155
Actuarial losses relating to pensions		-253
Total		-59

Group Cash Flow Statement for the Year Ended 31 March 2005		£000
Net cash inflow from revenue activities	<i>Note 1</i>	32,358
Dividends from associates		168
Returns on investment and servicing of finance		
Cash outflow –interest paid		-30,706
Cash inflow –interest received		3,605
Net cash outflow from servicing of finance		-27,101
Taxation		-157
Capital activities: cash outflows		
Purchase of fixed assets		-84,450
Capital activities: cash inflows		
Sale of fixed assets		11,709
Capital grants and other receipts		45,041
Net cash outflow from capital activities		-27,700
Total net cash outflow before financing		-22,432
Management of liquid resources: Net decrease in short-term deposits		36,600
Financing		
Cash outflows – repayments of amounts borrowed		-29,772
Cash inflows -new loans raised		42,365
Net cash inflow from financing		12,593
Increase in cash		26,761

Note 1. Reconciliation of the Surplus on Group Income and Expenditure Account to Revenue Activities Net Cash Flow

Reconciliation of the Surplus on Group Income and Expenditure to Revenue Activities Net Cash Flow		£000
Net surplus for the year on General Fund, HRA, Collection Fund, trust funds and LBIA		8,123
Items on accruals basis:		
Increase in stocks	-111	
Increase in amounts due to Council	-16,336	
Decrease in amounts due from Council	-5,429	
Items classified elsewhere on the cash flow statement:		
Interest paid	30,706	
Interest received	-3,605	
Taxation	157	
Dividend	-168	
Deferred charges	8,884	
Non cash items:		
Contributions to / from reserves	10,137	
Revenue activities - net cash flow		32,358

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

Accruals

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

Asset Management Revenue Account (AMRA)

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

Associated Company

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

Best Value Accounting Code of Practice (BCACOP)

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

Capital Charges

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

Capital Expenditure

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

Capital Financing Account

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

Capital Financing Requirement

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

Capital Receipts

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

Collection Fund

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

Community Assets

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

Consistency

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

Consolidated Revenue Account

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

Contingent Liabilities

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

Creditors

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

Deferred Charges

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

Depreciation

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

Debtors

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

Finance Lease

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

Fixed Assets

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

Fixed Asset Restatement Account (FARA)

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

Financial Reporting Standards (FRS)

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

General Fund

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

General Reserves and Balances

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

Government Grants Deferred Account

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

Group Accounts

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

Housing Revenue Account (HRA)

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

Impairment

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

Infrastructure Assets

These are assets such as highways and footpaths.

Investments

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

Investment Properties

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

Joint Venture

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

Liabilities

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

Materiality

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

Minimum Revenue Provision (MRP)

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

Non-Domestic Rates (NDR)

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

Net Book Value

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

Operating Leases

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

Precept

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

Prior Year Adjustments

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

Provisions

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

Prudence

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

Prudential Code

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

Related Parties

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

Revenue Expenditure

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

Revenue Reserve

Any sum set aside in 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).