

**Neath Port Talbot County Borough Council**  
**Cyngor Bwrdeistref Sirol Castell-nedd Port Talbot**



# **Statement of Accounts 2008/09**

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# EXPLANATORY FOREWORD

## 1. INTRODUCTION

This booklet summarises the County Borough Council's accounts for the year 2008/09 and contains:

- the **Income and Expenditure Account** which records expenditure and income on services, including council housing;
- the **Statement of Total Recognised Gains and Losses** which recognises any gains or losses not reflected in the Income and Expenditure Account.
- the **Balance Sheet** which shows the financial position at the 31<sup>st</sup> March 2009;
- the **Cash Flow Statement** which shows the inflows and outflows of cash arising from transactions with third parties;
- the **Housing Revenue Account Income and Expenditure Account** which shows expenditure and income on Council Housing Services only.

## 2. REVENUE SPENDING IN 2008/09

The Authority's Budget Requirement for 2008/09 was set at £236.185m. Actual spending compared to the budget was as follows:

<u>Council Fund</u>	<u>Revised Budget £'000</u>	<u>Actual £'000</u>
<b>Expenditure</b>		
Directly Controlled Expenditure	214,449	214,273
Capital Financing	13,088	11,522
Levies, Contributions & Miscellaneous Funds	6,819	6,698
Contingencies & Reserves	7,735	8,232
Deprivation/Performance Incentive Grant	(3,853)	(3,853)
<b>Net Expenditure</b>	<b>238,238</b>	<b>236,872</b>
<b>Income</b>		
Revenue Support Grant	(151,611)	(151,611)
NNDR	(36,244)	(36,244)
Council Tax	(48,460)	(48,460)
<b>Total Income/Budget Requirement</b>	<b>(236,315)</b>	<b>(236,315)</b>
<b>NET BUDGET (SURPLUS)/DEFICIT TO BALANCES</b>	<b>1,923</b>	<b>557</b>
<b><u>Council Fund Working Balance</u></b>		
Opening Working Balance 1/4/08		(7,099)
Movement in Balance		557
Closing Working Balance 31/3/09		<b>(6,542)</b>

3. **HOUSING REVENUE ACCOUNT WORKING BALANCE**

	<b>£'000</b>
Opening Balance 1/4/08	(9,517)
(Surplus)/Deficit	(1,475)
Closing Balance 31/3/09	(10,992)

4. **CAPITAL SPENDING IN 2008/09**

	<b>£m</b>
HRA – Council Housing Services	7.9
Council Fund	46.4
	54.3
<b><u>The expenditure was financed by:</u></b>	
External Borrowing	(14.0)
Grants & Contributions	(31.5)
Capital Receipts	(3.25)
Reserves	(5.55)
	(54.3)

5. At the year end, the Authority's total external debt was £219.5m. Sources of borrowing include the Public Works Loan Board and Banks for long term borrowing and other financial institutions for short term borrowing.

6. **RESERVES AND BALANCES AT 31<sup>st</sup> MARCH 2009**

	<b>£m</b>
To support revenue expenditure	39.6
To support capital expenditure	1.1
Revenue working balances, of which £6.5m refers to General Fund Services and £11m is ringfenced for use on the Authority's Housing Services	17.5

7. **REVALUATION OF ASSETS**

During 2008/09, the net book value of assets increased by £222m as a consequence of a revaluation performed by the Head of Property & Regeneration.

8. **ACCOUNTING POLICIES**

The presentation of the Accounts follows the latest Code of Practice on Local Authority Accounting issued in 2008.

**9. BEST VALUE ACCOUNTING CODE OF PRACTICE (BVACOP)**

The classification of services in the Income and Expenditure Account complies with the Service Expenditure Analysis required by the 2008 BVACOP.

**10. FINANCIAL INSTRUMENTS**

The recognition, measurement, disclosure and presentation of financial instruments comply with the requirements of financial reporting standards 25, 26 and 29.

**11. FINANCIAL REPORTING STANDARD 17**

The full adoption of FRS17 in the Authority's Accounts has resulted in a net pension liability of £284m in the balance sheet of the Authority as at 31/3/09 which represents the Authority's outstanding retirement benefit obligations to its employees.

**12. GROUP ACCOUNTS**

There is a requirement for Local Authorities to produce Group Accounts to recognise material financial or controlling interests in companies, voluntary organisations, public bodies etc. An assessment was made of all such interests which did not identify any relationship which is considered material and accordingly Group Accounts have not been prepared.

**13. FIXED ASSETS – NON ADDED VALUE**

The 2008 Accounting Code of Practice requires all capital expenditure for 2008/09 which does not add value to a capital asset to be charged directly to the cost of Council Fund and Housing Services in the Income & Expenditure Account. In 2008/09 this totalled £16.2m, although significant, this is a statutory accounting charge that has no effect on the Authority's Council Tax Account and payers.

**14. IMPAIRMENT DUE TO FAILED BANKS**

The carrying value of investments at 31/3/09 has been reduced by £4.951m in accordance with statutory accounting requirements to recognise the reduction in the value due to failure of international banks. This value is likely to change when the final settlements with each institution are realised.

## 15. TRUST FUNDS

The County Borough Council administers various trust funds. As these funds are not the property of the Authority, they are not included in the Balance Sheet. The application of these funds cover a wide field ranging from educational, social & recreational needs, to the relief of sickness and protection of historic buildings.

The Welsh Church Acts external investments are stated at market value and the property at 31.3.08 market valuation.

The Education Trust Funds balance as at 31<sup>st</sup> March 2009 is made up of the following:

	<b>£m</b>
Investments at Market Value	0.870
Cash	0.286
Investments at Book Value	0.089
	<b>1.245</b>

The Social Services Trust Funds are stated at book value.

<b>Trust Fund</b>	<b>31/3/09 £'000</b>
Welsh Church Acts	547
Education Trust Funds ( <b>Note 1</b> )	1,245
Social Services Trust Funds	60
	<b>1,852</b>

### **Note 1:**

The Accounts for 2008/09 are now prepared on a receipts and payments basis as opposed to an accruals basis as the gross income of the charity is less than £100,000 per annum.

## 16. FURTHER INFORMATION

Further information relating to the accounts can be obtained from the Director of Finance & Corporate Services, Neath Port Talbot County Borough Council, Civic Centre, Port Talbot, SA13 1PJ.

# **STATEMENT OF ACCOUNTING POLICIES**

## **1. GENERAL**

These accounts have been prepared in accordance with the latest Code of Practice on Local Authority Accounting for Great Britain (ACOP) published in 2008 by the Chartered Institute of Public Finance and Accountancy (CIPFA). Unless specifically mentioned, the accounts comply with all Financial Reporting Standards (FRS) and Statements of Standard Accounting Practice (SSAP).

## **2. FRS18 – ACCOUNTING POLICIES**

The Authority's revenue and capital accounts have been prepared in accordance with FRS18. This means that sums due to or from the Authority during the year are included in the accounts whether or not the cash has actually been received or paid.

## **3. FIXED ASSETS**

- i) Expenditure which acquires, creates or enhances a fixed asset is capitalised provided it yields a benefit to the Authority for a period of more than one year.
- ii) Fixed assets are valued on the basis recommended by CIPFA and the Royal Institute of Chartered Surveyors (RICS).
- iii) Fixed assets are classified into groupings required by the 2008 ACOP.
- iv) Fixed assets are included in the Balance Sheet on the following valuation basis:-

Council Dwellings	-	Open market value in existing use as social housing
Land	-	Open market value
Operational Assets: Non Specialised	-	Open market value existing use
Specialised	-	Depreciated Replacement Cost or 'Existing Use' value
Non Operational Assets	-	Open market value
Infrastructure Assets	-	Historical cost
Community Assets	-	Historical cost
Vehicles, Plant & Equipment	-	Net current replacement cost
- v) Subsequent revaluations of fixed assets are planned at five year intervals, although material changes to asset valuations will be adjusted in the interim period either as a result of additional enhancement expenditure or in accordance with Financial Reporting Standard 11 (FRS11) due to impairment.

- vi) A charge for depreciation is made to the service revenue accounts to cover the cost of wear and tear of certain categories of assets.

Depreciation is charged on a straight line basis and the following depreciation method was applied for 2008/09:-

Council Dwellings	-	Depreciated according to pre determined asset lives (20-40 years)
Land	-	Depreciation not applicable
Operational Assets:	-	Depreciated according to pre determined asset lives (20-40 years)
Non Operational Assets	-	Depreciation not applicable
Infrastructure Assets	-	Depreciated according to pre determined asset live (20-60 years)
Community Assets	-	Depreciation not applicable
Vehicles, Plant & Equipment	-	Depreciated according to pre determined asset lives (5-7 years)

#### **4. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

The gross expenditure in 2008/09 was charged to the Income and Expenditure Account and mostly relates to grants awarded to third parties.

#### **5. CAPITAL FINANCING**

Capital expenditure is financed on an accruals basis from the following sources:

- Borrowing : either externally from the Public Works Loans Board / other external lenders or internally from Capital Receipts (sale of assets) or Revenue (housing rents etc.).
- Grants and Contributions: from various external bodies including the European Commission and Welsh Assembly Government.
- Capital Reserves: these reserves are either earmarked for specific capital schemes or used to finance the Capital Programme as a whole.
- Capital Receipts: income from the sale of capital assets over £10,000 is used to finance capital expenditure.

#### **6. CHARGE FOR CAPITAL - DEPRECIATION**

The Authority is legally required to charge services for the assets they employ in delivering these services. The charge comprises of depreciation to cover the cost of wear and tear on the asset used in delivering a service to the Authority.

In order to arrive at the charge for 2008/09, all assets have been valued in accordance with professional practices and principles.



## **7. CHARGES FOR CAPITAL - STATUTORY**

The Council Fund and Housing Revenue Account is also charged with a statutory level of debt repayment, which is known as the Minimum Revenue Provision (MRP):

- For Council Fund Services, a repayment of principal at 4% (MRP).
- For Housing Revenue Account services, a repayment of principal at 2% (MRP).
- For borrowings made prudentially or under capitalisation directions, repayments are based on predetermined number of years.

In addition:

- Interest Payments for loans advanced. The rate was 5.36% in 2008/09 (5.32% in 2007/08).

These statutory charges replace the depreciation charge when setting the annual budget requirement for Council Fund and HRA Services.

## **8. STOCKS**

Former Trading Operations stocks are shown at average purchase price. All other stocks are shown at latest purchase price. This represents a departure from the SSAP9, which requires valuation at the lower of cost or net realisable value. The effect of this departure is not considered to be material.

## **9. SUPPORT SERVICES**

Support Services are recharged from Cost Centres (Accountancy, Payroll etc.) to service users according to relevant bases of allocation which relate, where possible, to actual usage of the service, e.g. office accommodation - floor area occupied.

## **10. INTEREST FROM INVESTMENTS**

The total amount of interest credited to the Council Fund in 2008/09 is generated from investment of surplus cash.

Contributions are then made to certain external funds in lieu of interest at the average 7 day money market rates.

## **11. PARTICIPATION IN PENSION SCHEMES**

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to recognise and disclose the payments in the year that the employees earn their future entitlement.

The Authority participates in two pension schemes:

- The Local Government Pension Scheme for non teaching employees, administered by the City & County of Swansea – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- The Teachers pension Scheme is an unfunded defined benefit final salary scheme administered by the Department for Education and Employment. There are no investment assets built up to meet the pension liabilities and cash has to be generated to meet actual pensions payments as they eventually fall due.

### **Change of Accounting Policy**

Under the 2008 SORP, the Authority has adopted the amendment to FRS17, Retirement Benefits. As a result, quoted securities held as assets in the defined benefit pension scheme are now valued at bid price rather than mid-market value. The effect of this change was that the value of scheme assets at 31<sup>st</sup> March 2008 were restated from £322.22m to £321.56m, a decrease of £0.66m, resulting in an increase of the pension deficit of £0.66m at that time. The current and prior year surplus have been unaffected by this change.

## **12. PROVISIONS AND RESERVES**

The County Borough Council maintains a number of provisions and reserves. Provisions are established in accordance with FRS12 to cover present economic obligations arising from past events and are charged to service revenue accounts. Reserves are amounts set aside for more general purposes and are charged to non service expenditure in the Income and Expenditure Account.

## **13. LONG TERM INVESTMENTS**

Investments of £89,000 are valued at book value as opposed to market value. The effect of this departure is not considered to be material.

## **14. RING-FENCED HOUSING REVENUE ACCOUNT (HRA)**

Under the Local Government and Housing Act 1989, as amended by the Local Government Act 2003, the HRA is a ring-fenced account within the Council Fund. The statutory items to be charged to or received by the HRA are laid down in these Acts.

## **15. COMPANIES**

### **Waste Disposal**

The Neath Port Talbot Waste Management Company Ltd was established in 1993 and is a subsidiary of this Authority. The Authority has a 100% shareholding in the Company and these shares (86,000 shares of £1 each) are included in the balance sheet under Long Term Investment at cost.

Neath Port Talbot Waste Management Company Ltd has a 100% shareholding in Neath Port Talbot (Recycling) Ltd who are the operating company for the waste plant.

### **Home Information Packs**

The Authority has established a Company to provide Home Information Packs to external clients who are legally required to provide such information upon selling their homes. The Authority has a 100% shareholding in the company.

## **16. REDEMPTION OF DEBT**

The redemption of debt is accounted for on a cash basis i.e. as and when cash repayments are actually made to lenders.

## **17. LEASES**

All leasing arrangements are SSAP21 compliant. Operating leases are accounted for on an accruals basis in accordance with proper accounting practice.

## **18. TANGIBLE FIXED ASSETS – FRS15**

The accounts comply with the requirements of FRS15.

## **19. UK GAAP**

The Authority's accounts are prepared in a UK GAAP (Generally Accepted Accounting Practice) format. This refers to the accountancy treatments that UK companies would generally be expected to apply in the preparation of their financial statements.

## **20. FINANCIAL INSTRUMENTS – FRS 25, 26 and 29**

The Authority's accounts comply with the requirements of FRS 25, 26 and 29 in relation to the recognition measurement, presentation and disclosure of its financial instruments (i.e. loans, investments, cash).

# STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

## THE AUTHORITY'S RESPONSIBILITIES

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs in accordance with Section 151 of the Local Government Act 1972. In this Authority, that officer is the Director of Finance & Corporate Services (Chief Finance Officer);
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to approve the Statement of Accounts.

## SECTION 151 OFFICER'S RESPONSIBILITIES

The Section 151 Officer is responsible for the preparation of the Authority's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code'), is required to present fairly the financial position of the Authority at the accounting date and its income and expenditure for the year ended 31<sup>st</sup> March 2009.

In preparing this statement of accounts, the Section 151 Officer has:

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

The Section 151 Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- ensured that the accounts present fairly the financial position and income and expenditure of the Authority.

Section 151 Officer:   
Director of Finance & Corporate Services

**Date: 29<sup>th</sup> September 2009**

Approval of accounts for 2008/09 in accordance with regulation 9(3) of the Accounts and Audit (Wales) Regulations 2005

Chair of Audit Committee:   
Councillor J Dinham

**Date: 29<sup>th</sup> September 2009**

## INCOME AND EXPENDITURE ACCOUNT

2007/08		2008/09		
		Expenditure	Income	Net Expend.
£'000		£'000	£'000	£'000
122,166	Childrens & Education Services	158,802	(35,626)	123,176
48,233	Adult Social Care	63,361	(14,686)	48,675
18,416	Highways, Roads & Transport	18,830	(5,277)	13,553
21,957	Cultural & Related Services	20,726	(4,729)	15,997
16,252	Environmental Services	28,390	(16,619)	11,771
5,734	Planning & Development Services	12,215	(7,773)	4,442
5,015	Housing Services – General Fund	49,850	(45,317)	4,533
4,295	Housing Services – HRA	37,548	(32,781)	4,767
1,208	Central Services to the Public	3,121	(1,457)	1,664
159	Court Services	135	-	135
6,559	Corporate & Democratic Core	6,687	(59)	6,628
5,920	Non Distributed Costs (Note 1)	190	-	190
-	Exceptional Items (Note 2)	8,511	-	8,511
<b>255,914</b>	<b>NET COST OF SERVICES</b>	<b>408,366</b>	<b>(164,324)</b>	<b>244,042</b>
(2,727)	(Gain)/Loss on Disposal of Fixed Assets			(454)
(43)	Deficit/(Surplus) on Trading Undertakings - Markets & Industrial Estates (Note 3a)			14
9,412	Interest Payable & other similar charges			10,903
1,530	Community Council Precepts (Note 4)			1,567
6,267	Levies & Contributions (Note 5)			5,988
(4,201)	Interest & Investment Income (Note 5a)			(5,064)
29,410	Pension Interest Cost (Note 6)			34,910
(22,820)	Expected Return on Pension Assets			(22,220)
<b>272,742</b>	<b>NET OPERATING EXPENDITURE</b>			<b>269,686</b>
	<b>SOURCES OF FINANCE</b>			
(154,378)	Government Grants (Note 6a)			(155,464)
(49,773)	Council Taxpayers (Note 16)			(51,616)
(32,581)	Non-Domestic Rate Income (Note 17)			(36,104)
(1,060)	Other Government Grants Deferred			(3,058)
34,950	Net (Surplus)/ Deficit for the year			23,444

## STATEMENT OF MOVEMENT ON THE COUNCIL FUND BALANCE

2007/08		2008/09
£'000		£'000
34,950	Income and Expenditure Account (Surplus)/Deficit	23,444
(38,071)	Net additional amount required to be (credited)/debited to the Council Fund Balance for the year (see page 12)	(22,887)
(3,121)	<b>(Increase)/Decrease in Council Fund Balance</b>	557
(3,978)	Council Fund Balance brought forward	(7,099)
(7,099)	Council Fund Balance carried forward	(6,542)
<b>(7,099)</b>	<b>Amount of Council Fund Balance available for new expenditure</b>	<b>(6,542)</b>

**NOTE OF RECONCILING ITEMS FOR THE STATEMENT OF  
MOVEMENT ON THE COUNCIL FUND BALANCE**

2007/08 £'000		2008/09 £'000
	<b>Amounts included in the Income &amp; Expenditure Account but required by statute to be excluded when determining the Movement on the Council Fund Balance for the year</b>	
(40,428)	Depreciation, impairment and revaluation of fixed assets	(30,886)
3,072	Government Grants Deferred amortisation	5,546
(3,758)	Revenue Expenditure funded from Capital under statute	(4,854)
2,599	(Gain)/Loss on Disposal of Fixed Assets to Capital Receipts Account	454
(29,670)	Net charges made for retirement benefits in accordance with FRS 17	(25,830)
(7,971)	Fixed Assets – Non Added Value to Capital Adjustment Account	(7,370)
(76,156)		(62,940)
	<b>Amounts not included in the Income &amp; Expenditure Account but required to be included by statute when determining the Movement on the Council Fund Balance for the year</b>	
7,250	Minimum revenue provision for capital financing	8,058
5,726	Capital expenditure charged in-year to the Council Fund Balance	5,525
18,780	Employers contributions payable to the Pension Fund and retirement benefits payable direct to pensioners	19,830
195	Annual release of debt premiums and discounts (net)	169
(44,205)		(29,358)
	<b>Transfers (to)/from the Council Fund Balance that are required to be taken into account when determining the Movement on the Council Fund Balance for the year</b>	
1,081	Housing Revenue Account balance	1,475
5,053	Net transfer to/(from) earmarked reserves	4,996
(38,071)		(22,887)
	<b>Net additional amount required to be (credited)/debited to the Council Fund Balance for the year</b>	

**STATEMENT OF TOTAL RECOGNISED  
GAINS AND LOSSES**

<b>2007/08 £'000</b>		<b>2008/09 £'000</b>
34,950	Income and Expenditure Account (Surplus)/Deficit	23,444
3,647	Other (Gains)/Losses	-
(33,930)	(Surplus)/Deficit on revaluation of fixed assets	(222,966)
(48,690)	Actuarial (Gains)/Losses on pension fund assets and liabilities	87,579
-	Increase in pension deficit due to SORP changes	661
<b>(44,023)</b>	<b>Total Recognised (Gains) / Losses</b>	<b>(111,282)</b>

**NOTES TO THE STATEMENT OF TOTAL RECOGNISED  
GAINS AND LOSSES**

This Statement is used to recognise any gains or losses not reflected in the Income and Expenditure Account.

As an example, gains on revaluations of fixed assets and pension actuarial gains and losses are excluded from the Income and Expenditure Account (Surplus)/Deficit as they arise from asset and liability valuation changes rather than from an entities' operating performance.

The amount included in Other (Gains)/Losses is required in order to recognise the transfer of debt premiums and discounts on 1/4/07 into the new Financial Instruments Adjustment Account as this transfer has affected the net worth (equity) in the balance sheet.

The increase in pension deficit due to SORP changes is required due to a change in the methodology in valuing the pension fund assets (see Accounting Policy Note 11).

## BALANCE SHEET

2007/08			2008/09	
£'000	£'000		£'000	£'000
		<b><u>Tangible Fixed Assets</u> (Notes 20-22)</b>		
		<b>Operational Assets (Net):</b>		
232,170		- Council Dwellings	438,526	
356,814		- Other Land and Buildings	356,935	
10,018		- Vehicles, Plant, Furniture & Equipment	12,017	
141,756		- Infrastructure Assets	148,789	
612		- Community Assets	612	
		<b>Non Operational Assets (Net):</b>		
4,715		- Investment Properties	4,715	
4,538		- Assets Under Construction	12,240	
7,581		- Surplus Assets Held for Disposal	9,390	
	<b>758,204</b>	<b>NET BOOK VALUE</b>		<b>983,224</b>
	5,458	Long Term Investments (Note 23a)		12,000
	3,055	Long Term Debtors		2,238
	<b>766,717</b>	<b>Total Long Term Assets</b>		<b>997,462</b>
		<b><u>Current Assets</u></b>		
820		Stock & Work in Progress	992	
40,725		Debtors (Note 24)	37,141	
74,734		Short Term Investments (Note 23b)	78,344	
1,976		Cash Held by Schools/Officers	1,215	
	118,255	<b>Total Assets</b>		117,692
	<b>884,972</b>			<b>1,115,154</b>
		<b><u>Current Liabilities</u></b>		
(35,942)		Creditors (Note 25)	(38,881)	
(3,104)		Short Term Borrowing (Note 28a)	(11,178)	
(6,744)		Cash and Bank	(3,435)	
(6,566)		Usable Capital Grants (Note 27)	(9,970)	
	(52,356)	<b>Total Assets less Current Liabilities</b>		(63,464)
	<b>832,616</b>			<b>1,051,690</b>
		<b><u>Long Term Liabilities</u></b>		
(5,269)		Creditors (Note 26)	(6,950)	
(211,275)		Long Term Borrowing (Note 28b)	(211,942)	
(5,673)		Provisions (Note 29)	(4,950)	
(189,793)		Pensions Liability (Note 30)	(284,040)	
(89,135)		Government Grants Deferred (Note 31)	(101,137)	
(396)		Deferred Capital Receipts	(314)	
	(501,541)	<b>Total Assets less Liabilities</b>		(609,333)
	<b>331,075</b>	<b>Financed by:</b>		
3,452		Financial Instruments Adjustment Account (Note 32)	8,235	
(424,867)		Capital Adjustment Account (Note 33)	(410,321)	
(33,930)		Revaluation Reserve (Note 34)	(255,666)	
(13,201)		Usable Capital Receipts (Note 27)	(10,409)	
189,793		Pensions Reserve	284,040	
(35,706)		Earmarked Reserves (Note 35)	(40,702)	
(16,616)		Working Balances (Note 36)	(17,534)	
	<b>(331,075)</b>	<b>TOTAL EQUITY</b>		<b>(442,357)</b>



## CASH FLOW STATEMENT

2007/08			2008/09	
£'000	£'000		£'000	£'000
		<b><u>Revenue Activities</u></b>		
		<b>Cash Outflows</b>		
(181,493)		Cash paid to and on behalf of employees	(189,338)	
(189,909)		Other Operating Costs	(204,993)	
(30,121)		Non-Domestic Rates to National Pool	(32,772)	
(18,937)		Housing Benefit paid out	(20,150)	
(7,545)		Precepts paid	(7,886)	
	(428,005)			(455,139)
		<b>Cash Inflows</b>		
8,015		Rents (after Rebates)	8,400	
43,820		Council Tax	45,537	
32,717		Non-Domestic Rates from National Pool	36,244	
30,234		Non-Domestic Rates Receipts	32,535	
228,582		Government Grants ( <b>Note 47</b> )	238,783	
462		Cash Received Goods & Services	695	
101,013		Other Revenue cash income	115,829	
	444,843			478,023
	<b>16,838</b>	<b>Net Cash Inflow From Revenue Activities</b>		<b>22,884</b>
		<b>(Note 44)</b>		
		<b><u>Servicing of Finance</u></b>		
		<b>Cash Outflows</b>		
(9,562)		Interest paid	(10,869)	
		<b>Cash Inflows</b>		
4,889		Interest and Investments	5,181	
	<b>(4,673)</b>	<b>Net Cash Outflow from Servicing of Finance</b>		<b>(5,688)</b>
		<b><u>Capital Activities</u></b>		
		<b>Cash Outflows</b>		
(60,059)		Purchase of fixed assets	(54,520)	
-		Purchase of long term investments	(6,000)	
		<b>Cash Inflows</b>		
6,333		Sale of fixed assets	1,100	
135		Mortgage Repayment	82	
26,833		Capital grants received	41,052	
	<b>(26,758)</b>	<b>Net Cash Outflow From Capital Activities</b>		<b>(18,286)</b>
		<b><u>Management of Liquid Resources</u></b>		
		<b>(Notes 45 &amp; 46)</b>		
(12,240)		Net (Increase)/Decrease in Temp Investment	(5,018)	
		<b><u>Financing</u></b>		
		<b>Cash Outflows</b>		
(5,546)		Repayments of amounts borrowed	(12,891)	
		<b>Cash Inflows</b>		
40,000		New Long Term Loans Raised	10,000	
1,031		New Short Term Loans Raised	11,548	
	<b>23,245</b>	<b>Net (Increase)/Decrease in Financing &amp; Liquid Resources</b>		<b>3,639</b>
	<b>8,652</b>	<b>INCREASE/(DECREASE) IN CASH</b>		<b>2,549</b>

# NOTES TO THE INCOME AND EXPENDITURE ACCOUNT

## 1. NON DISTRIBUTED COSTS

The charge of £190,000 in 2008/09 is for past service costs in respect of members of the Local Government Pension Scheme. The charge of £5.9m for 2007/08 was due to the change in the benefits structure of the Local Government Pension Scheme which improved the value of benefits to Members, which is not relevant to 2008/09.

## 2. EXCEPTIONAL ITEMS

### Single Status £2.5m

A payment totalling £2.5m was made to employees and former employees in accordance with the single status agreement. The cost is shown as an exceptional item due to its materiality and is mostly in relation to Education Services £0.8m and Social Services £1.4m.

### Impairment of Investments £5.965m

This relates to the failed banks from the date of default to 31<sup>st</sup> March 2009 which is due but will not be received (Note 5a).

## 3a. TRADING OPERATIONS – MARKETS & INDUSTRIAL ESTATES

The Authority operates two markets and several industrial estates.

2007/08		2008/09		
£'000		<u>Markets</u> £'000	<u>Ind. Estates</u> £'000	<u>Total</u> £'000
(1,257)	Income	(262)	(881)	(1,143)
1,049	Expenditure	213	700	913
165	Capital Charges	-	244	244
<b>(43)</b>	<b>Net (Surplus)/Deficit</b>	<b>(49)</b>	<b>63</b>	<b>14</b>

## 3b. TRADING OPERATIONS

The Authority has two services which are exposed to commercial risk although the risks are minimal given the controls that are in place.

2007/08		2008/09		
£'000		<u>Expenditure</u> £'000	<u>Income</u> £'000	<u>Net</u> £'000
-	Trade Refuse	701	(701)	-
41	Catering Services	1,131	(1,040)	91
<b>41</b>	<b>Net (Surplus) / Deficit</b>	<b>1,832</b>	<b>(1,741)</b>	<b>91</b>

### 3c **JOINT COMMITTEES**

#### (i) **Margam Joint Crematorium Committee**

The Authority manages a Crematorium facility under a joint arrangement with Bridgend County Borough Council. The share of operating expenditure and income relating to Neath Port Talbot County Borough Council (NPTCBC) is shown below:

<b><u>Expenditure</u></b> <b>£'000</b>	<b><u>Income</u></b> <b>£'000</b>	<b><u>Net</u></b> <b>£'000</b>
282	(311)	(29)

NPTCBC's share of the net equity within the crematorium balance sheet is £255,000.

#### (ii) **South West Wales Integrated Transport Consortium**

The authority in conjunction with 3 neighbouring Authorities have established a joint committee for the purpose of delivering an integrated transport strategy for the region (SWITCH).

The assets belonging to the committee are held by the host authority in trust for each of the constituent members in equal share. The authority's contribution is in the form of officers time and associated administrative costs.

#### (iii) **Archives**

The Authority has established together with the City & County of Swansea a joint committee to under take the running of the Archives service. The service is run by the City & County of Swansea and NPTCBC's contribution for 2008/09 was £141,000.

NPTCBC's share of reserves held by the City & County of Swansea is £54,400

#### (iv) **South West Wales Regional Waste Management Committee (SWAMWAC)**

The Authority has set up a joint committee with 5 other neighbouring authorities to deliver an integrated waste management strategy for the region. The service is run by the City & County of Swansea and the total annual contribution of all participating authorities for 2008/09 was £471,973, of which the Authority share was £78,662.

Any assets belonging to the committee are held by the host authority in trust for each of the constituent members in equal share.

#### (v) **Joint Resilience Committee**

In conjunction with the City & County of Swansea, the Authority has set up a Joint Committee to provide emergency planning for civil contingencies. The Authority contributed and incurred costs of £108,243 in 2008/09.

#### 4. COMMUNITY COUNCIL PRECEPTS

<u>2007/08</u> £		<u>2008/09</u> £
54,000	Cilybebyll	56,000
14,000	Cwmllynfell	17,500
57,000	Gwaun Cae Gurwen	57,000
100,000	Pontardawe	103,200
50,000	Ystalyfera	50,000
34,774	Blaengwrach	35,535
155,731	Blaenhonddan	166,884
83,725	Briton Ferry	84,980
15,400	Clyne	16,016
277,893	Coedffranc	285,938
35,370	Crynant	36,170
43,734	Dyffryn Clydach	44,354
107,000	Glynneath	107,760
365,389	Neath	365,389
17,000	Onllwyn	17,000
14,137	Pelenna	14,560
45,400	Resolven	45,670
36,900	Seven Sisters	38,190
23,000	Tonna	25,000
<b>1,530,453</b>	<b>Total Community Council Precepts for Year</b>	<b>1,567,146</b>

#### 5. LEVIES & CONTRIBUTIONS

<u>2007/08</u> £'000		<u>2008/09</u> £'000
66	South Wales Sea Fisheries	72
6,201	Mid & West Wales Combined Fire Authority	6,601
-	Fire Authority Levy now held in reserves	(685)
<b>6,267</b>	<b>Total Levies &amp; Contributions for Year</b>	<b>5,988</b>

#### 5a. INTEREST & INVESTMENT INCOME

This includes £1.014m of interest regarding the failed banks which is not receivable by the Authority and has been reversed out as part of the Exceptional Item Charge (Note 2).

## 6. PENSION LIABILITY/FRS17

### Transactions relating to Retirement Benefits

The Authority recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the General Fund Balance during the year:

	*Local Government Pension Scheme		Teachers Pension Scheme		Total	
	2008/09	2007/08 As restated	2008/09	2007/08 As restated	2008/09	2007/08 As restated
	£m	£m	£m	£m	£m	£m
<b>Income &amp; Expenditure Account</b>						
Net Cost of Services:						
- Current Service Cost	12.95	17.16	-	-	12.95	17.16
- Past Service Costs	0.10	5.11	0.09	0.81	0.19	5.92
<b>Net Operating Expenditure:</b>						
Interest Cost	33.75	28.46	1.16	0.95	34.91	29.41
Expected return on Scheme Assets	(22.22)	(22.76)	-	-	(22.22)	(22.76)
<b>Net Charge to the Income and Expenditure Account</b>	<b>24.58</b>	<b>27.97</b>	<b>1.25</b>	<b>1.76</b>	<b>25.83</b>	<b>29.73</b>
<b>Statement of Movement on the General Fund Balance:</b>						
- Reversal of net charges made for retirement benefits in accordance with FRS17	(24.58)	(27.97)	(1.25)	(1.76)	(25.83)	(29.73)
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>						
- employer's contributions payable to scheme	17.21	16.24	-	-	17.21	16.24
- retirement benefits payable to pensioners	1.30	1.26	1.32	1.28	2.62	2.54
<b>Total</b>	<b>18.51</b>	<b>17.50</b>	<b>1.32</b>	<b>1.28</b>	<b>19.83</b>	<b>18.78</b>

\*This includes unfunded liabilities in relation to the LGPS.

In addition to the recognised gains and losses included in the Income and Expenditure Account, actuarial losses of £87.58m in 2008/09 and (gains) of (£48.81m) in 2007/08 as restated, were included in the Statement of Total Recognised Gains and Losses. The cumulative amount of actuarial losses recognised in the Authority's Accounts since 2002/03 is £189.49m.

**6a. GOVERNMENT GRANTS**

<b><u>2007/08</u></b> <b><u>£'000</u></b>		<b><u>2008/09</u></b> <b><u>£'000</u></b>
(520)	Local Authority Business Growth Incentive	-
(2,359)	Deprivation Grant	(2,359)
(1,499)	Performance Incentive Grant	(1,494)
(150,000)	Revenue Support Grant	(151,611)
<b>(154,378)</b>		<b>(155,464)</b>

**7. AGENCY SERVICES**

The Authority performs Agency work on behalf of the Welsh Assembly Government. The financial details are shown below:-

<b><u>2007/08</u></b> <b><u>£'000</u></b>	<b><u>Expenditure</u></b>	<b><u>2008/09</u></b> <b><u>£'000</u></b>
28,627	South Wales Trunk Road Agency ( <b>Note 1</b> )	31,265

**Note 1**

From the 1<sup>st</sup> April 2006 the Authority holds the contract for all Trunk Road work in South and West Wales. The expenditure is fully reimbursed by the Welsh Assembly Government. The financial activity relating to this contract is not included in the Income & Expenditure Account.

**8. SECTION 137 EXPENDITURE**

Section 137 of the Local Government Act 1972 as amended empowers Local Authorities to incur expenditure on the wellbeing of their area or any part of it, or all or some of its inhabitants. Under this section local authorities are required to account separately for any such expenditure. The Council's expenditure in 2008/09 under this power was £132,500.

**9. SECTION 5 OF THE LOCAL GOVERNMENT ACT 1986**

**EXPENDITURE ON PUBLICITY**

Set out below, under the requirements of S.5 (1) of the Local Government Act 1986, is the Council's spending on publicity.

<b><u>2007/08</u></b> <b><u>£'000</u></b>		<b><u>2008/09</u></b> <b><u>£'000</u></b>
205	Recruitment Advertising	226
253	Other Advertising	291
<b>458</b>		<b>517</b>

## 10. LOCAL GOVERNMENT (GOODS AND SERVICES) ACT 1970

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

2007/08 £'000		2008/09 £'000
208	<u>Professional and Technical Services</u> Engineering, Architectural and Estates	455
254	<u>Other Services</u> Maintenance and Cleansing Works	240
<b>462</b>		<b>695</b>

## 11. TEACHERS PENSION SCHEME

In 2008/09, the County Borough Council paid £6.4m to the Department of Education and Employment in respect of teachers' pension costs, which represent 14.10% of teachers' pensionable pay. In addition, the County Borough Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2008/09, these amounted to £1.3m representing 2.80% of pensionable pay.

## 12. OFFICERS' EMOLUMENTS

The number of employees whose gross pay (including taxable expenses) was £60,000 or more, in bands of £10,000, were:-

2007/08 No. of Employees	Remuneration Band (£)	2008/09 No. of Employees
16	60,000 - 69,999	11
16	70,000 - 79,999	23
1	80,000 - 89,999	3
-	90,000 - 99,999	1
4	100,000 - 109,999	-
-	110,000 - 119,999	4
1	120,000 - 129,999	-
-	130,000 - 139,999	1

## 13. RELATED PARTY TRANSACTIONS

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority.

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, providing the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Housing Benefits). Details of transactions with government departments are set out in a note relating to the Cashflow Statement.

Members of the Authority have direct control over the Authority's financial and operating policies. During 2008/09 a taxi firm owned by a Member of the Authority had a contract with the Authority for the provision of specified taxi services. This contract was entered into in full compliance with the Authority's Standing Orders. During 2008/09 Grwp Gwalia the employer of another Member had contracts with the Authority for the provision of housing and support services. In addition, various grants were paid to voluntary organisations in which Members have an interest. The grants were made with proper consideration of declarations of interest. The relevant Members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Member's Interest.

Officers – The Monitoring Officer who sits on the Programme Board dealing with Transforming Older Persons Services, has declared a personal interest whilst attending the meetings.

Leisure Trust – the Authority formed the Trust to manage its indoor leisure activities. The Trust is an industrial provident society with the Authority's board membership limited to 20%. The Authority pays the Trust an annual management fee to run the service (excluding the structural maintenance of buildings) which for 2008/09 was £2.5m.

Chief Officers – The Director of Finance & Corporate Services, together with the Director of Environment, are paid directors of Neath Port Talbot Waste Management Company Ltd and Neath Port Talbot Recycling Ltd who are the companies which provide waste disposal services to Neath Port Talbot Council Borough Council.

The Director of Finance & Corporate Services is the paid treasurer and the Director of Environment is the paid adviser of the Margam Crematorium Joint Service.

The Chief Executive and the Director of Environment are both appointed Directors of Coed Darcy Limited which has responsibility for overseeing the development of the former BP site at Llandarcy, Neath.

Companies – the Authority owns a Waste Management company and relevant transactions and details are included in notes to the Statement of Accounting Policies and Balance Sheet. The Authority has made a loan to the waste management company to assist with cashflow and consequently has a long term debtor totalling £345,000 (inclusive of interest) relating to the company at 31/03/09.

The Waste Management Company has a 100% shareholding in the operating company for the materials recycling plant. The Authority has made a loan to this recycling company to assist with the purchase of plant and equipment and consequently has a long term debtor totalling £2.147m (inclusive of interest) at 31/3/09.

The Authority paid waste management charges for 2008/09 on behalf of Neath Port Talbot CBC and Bridgend CBC of £6.334m and received income from Bridgend CBC.

The Authority and Bridgend County Borough Council will provide financial support to the Materials Recycling Company if trading activities warrant this.

The Authority will provide financial support to the Neath Waste Management Company if trading activities warrant this.



The Authority has established a company which prepares 'Home Information Packs' for external clients which are now a legal requirement before selling a property. The company issued £100 of share capital which is 100% owned by the Authority. The board of the company consists of 4 unpaid Authority staff who have full decision making powers. The day to day operations are carried out by 6 former employees who are employed on the same terms and conditions as NPTCBC staff.

#### 14. **MEMBERS ALLOWANCES**

During 2008/09, the total expenditure incurred by the Authority for Members Allowances was £1,282,000 (£1,263,000 in 2007/08).

#### 15. **OPERATING LEASES**

The Authority uses operating leasing as a means of acquiring vehicles, computer hardware and software, equipment and plant. The amount paid under these arrangements in 2008/09 was £0.176m (£0.4m in 2007/08).

The Authority is committed to making payments of £0.177m under these leases in 2009/10 comprising the following elements:

<b>Regarding Leases Expiring Within</b>		
<b>2009/10 £'000</b>	<b>2010/11-2013/14 £'000</b>	<b>2014/15 onwards £'000</b>
43	134	-

#### 16. **COUNCIL TAX**

##### **Introduction**

Council Tax is the current form of local taxation for domestic properties. All domestic properties are placed into one of nine valuation bands according to their open-market value at 1<sup>st</sup> April 2003. The average amount of council tax for a property in Band D in 2008/09 was £1,243. This was calculated by dividing the amount of council tax required by Neath Port Talbot CBC, each community council, and the South Wales Police Authority by the council tax base of 45,337 (which is the number of properties we collect council tax from, adjusted by discounts etc., and converted to the equivalent number of Band D properties). The amounts for properties in other bands is calculated by multiplying the Band D figure by the relevant multiplier in the table below:

<b>BAND</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>	<b>TOTAL</b>
Multiplier	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	21/9	
No. of chargeable dwellings	13,096	26,810	10,855	6,699	3,818	1,263	458	102	20	63,121

Analysis of the net proceeds from council tax:

2007/08 £'000		2008/09 £'000
(55,946)	Council tax collectable	(58,095)
6,015	Less Amount payable to South Wales Police	6,319
158	Less Provision for Non Payment of Council Tax	160
<b>(49,773)</b>		<b>(51,616)</b>

## 17. BUSINESS RATES

### Introduction

Non-domestic rates are calculated by multiplying a property's rateable value by the rating multiplier (or rate in the pound). Rateable values are determined by the Valuation Office Agency and the multiplier (46.6p in 2008/09) is set by the Welsh Assembly Government. The Council is responsible for collecting rates due from ratepayers in its area but pays the proceeds into the NNDR pool administered by the Welsh Assembly Government. The Welsh Assembly Government redistributes the sums payable back to local authorities on the basis of a fixed amount per head of population.

The NNDR income (after relief and provisions) of £33,202,000 for 2008/09 was based on an average rateable value of £80,920,542 for the year.

Analysis of the net proceeds from non-domestic rates:

2007/08 £'000		2008/09 £'000
(30,588)	Non-domestic rates collectable (Net Debit)	(33,202)
30,121	Less: Paid into NNDR pool	32,772
220	Cost of collection	218
247	Bad and doubtful debts	212
(32,717)	Receipts from pool	(36,244)
<b>(32,717)</b>	<b>Net proceeds from NNDR</b>	<b>(36,244)</b>
136	Discretionary relief	140
<b>(32,581)</b>	<b>Amount included in Income &amp; Expenditure Account</b>	<b>(36,104)</b>

## 18. BUILDING CONTROL ACCOUNT

2007/08 £'000		Chargeable £'000	Non Chargeable £'000	2008/09 Total £'000
	<b><u>Spending</u></b>			
408	Employee Expenses	203	203	406
17	Transport	19	-	19
54	Supplies & Services	19	19	38
93	Support Services	46	46	92
<b>572</b>	<b>Total Spending</b>	<b>287</b>	<b>268</b>	<b>555</b>
	<b><u>Income</u></b>			
(456)	Building Regulation Charges	(324)	-	(324)
<b>(456)</b>	<b>Total Income</b>	<b>(324)</b>	<b>-</b>	<b>(324)</b>
<b>116</b>	<b>(Surplus)/Deficit For The Year</b>	<b>(37)</b>	<b>268</b>	<b>231</b>



**19. AUDIT FEES – WALES AUDIT OFFICE**

<b>2007/08 £'000</b>		<b>2008/09 £'000</b>
215	External Audit Services	220
60	Statutory Inspection	62
149	Certification of Grant Claims	158
<b>424</b>		<b>440</b>

## NOTES TO THE BALANCE SHEET

### 20. FIXED ASSETS

Fixed assets are included in the Balance Sheet on the following valuation basis:-

#### Council Dwellings

The basis of valuation is the gross open market value discounted to reflect the value in existing use as social housing by using a comparison of the Council's rents with those in the private sector.

#### Land

Open market value.

#### Operational Assets

- a) **Non Specialised:** Open market value of equivalent assets of a similar type and condition, on the assumption that they would continue in their existing use.
- b) **Specialised:** Reinstatement cost of asset or cost of acquiring a modern equivalent, adjusted to reflect the age, wear and tear and obsolescence of the existing asset, unless a market exists in which case 'Existing Use' value will be used.

#### Vehicles, Plant & Machinery

Net current replacement cost reflecting wear and tear incurred.

#### Infrastructure and Community Assets

Historical cost, i.e. original expenditure incurred.

#### Non-Operational Assets

Open market value.

### Property Valuations

During 2008/09, a revaluation of Council Housing, Sheltered Accommodation and Transportation (Car Parks etc) assets was carried out.

During 2007/08, a revaluation of Residential Homes and Day Centres, Cemeteries and Crematorium, Country Parks, Sports Centres/ Pools and Industrial Property was carried out. In addition, the civic office at the Quays, Briton Ferry was valued due to it becoming operational in 2007/08.

During 2006/07, a revaluation of Museums/Theatres, Schools, Depots, Libraries and Civic/Office properties was carried out.

During 2005/06, a revaluation of transportation assets, vacant land and buildings and investment properties was carried out.

During 2004/05, a revaluation of Sheltered Accommodation, Depots and Civic Buildings was carried out.

During 2003/04, a revaluation of Council Dwellings, Leisure & Economic Development assets was carried out.

All the above revaluations were carried out by the Head of Property & Regeneration who is a qualified Valuation Officer and a member of the Royal Institute of Chartered Surveyors.

## 21. MOVEMENT OF FIXED ASSETS

	<u>Council Dwellings</u> £'000	<u>Other Land &amp; Buildings</u> £'000	<u>Vehicles, Plant Furniture &amp; Equipment</u> £'000	<u>Infrastructure Assets</u> £'000	<u>Community Assets</u> £'000	<u>*Non Operational Properties</u> £'000	<u>Total</u> £'000
<b>Gross Book Value 01/04/08</b>	<b>240,284</b>	<b>364,828</b>	<b>16,899</b>	<b>182,329</b>	<b>612</b>	<b>16,835</b>	<b>821,787</b>
Additions	-	3,110	3,895	11,592	-	9,526	28,123
Disposals Proceeds	(883)	-	-	-	-	(15)	(898)
Revaluations	199,136	3,867	-	-	-	-	203,003
Change in Asset Classification	-	-	1	(1)	-	-	-
<b>Gross Book Value 31/3/09</b>	<b>438,537</b>	<b>371,805</b>	<b>20,795</b>	<b>193,920</b>	<b>612</b>	<b>26,346</b>	<b>1,052,015</b>
<b>Depreciation and Impairment at 1/4/08</b>	<b>(8,114)</b>	<b>(8,014)</b>	<b>(6,881)</b>	<b>(40,573)</b>	-	<b>(1)</b>	<b>(63,583)</b>
Depreciation during Year	(8,313)	(9,421)	(1,897)	(4,558)	-	-	(24,189)
Depreciation reversed on Revaluations	16,416	2,565	-	-	-	-	18,981
<b>Cumulative Depreciation and impairment at 31/3/09</b>	<b>(11)</b>	<b>(14,870)</b>	<b>(8,778)</b>	<b>(45,131)</b>	-	<b>(1)</b>	<b>(68,791)</b>
<b>Net Book Value 31/3/09</b>	<b>438,526</b>	<b>356,935</b>	<b>12,017</b>	<b>148,789</b>	<b>612</b>	<b>*26,345</b>	<b>983,224</b>
Net Book Value 31/3/08	232,170	356,814	10,018	141,756	612	16,834	758,204

<b>Total Capital Expenditure for 2008/09 was:</b>	<b>£'000</b>
Fixed Assets – Added Value	28,123
Fixed Assets – No Added Value	16,221
Revenue Expenditure Funded from Capital Under Statute (e.g. grants to third parties)	9,964
	<b>54,308</b>

\*Included within the Net Book Value of Non-Operational Properties at 31/3/09 are £12.2m of Assets under Construction, £9.4m of Surplus Assets and £4.7m of Investment Assets.

## 22. CAPITAL EXPENDITURE AND FINANCING

<b>Expenditure by Directorate</b>	<b>£'000</b>	<b>Financing of Expenditure</b>	<b>£'000</b>
Education, Leisure & Lifelong Learning	12,776	Loans	(14,023)
Environment	21,967	Grants and Contributions	(31,510)
Social Services, Health & Housing	6,882	Capital Receipts	(3,250)
Finance & Corporate Services	4,736	Reserves - Council Fund	(3,771)
Chief Executive's		- Housing Rev A/c	(1,506)
Housing Revenue Account (HRA)	7,947	Revenue	(248)
<b>Total Expenditure</b>	<b>54,308</b>	<b>Total Financing</b>	<b>(54,308)</b>

<b>Significant Commitments for Future Capital Expenditure</b>	<b>2009/10 £m</b>	<b>Future £m</b>	<b>Total £m</b>
Gwyn Hall Replacement	0.8	7.5	8.3
Transformation Projects (schemes to be determined)	2.4	2.2	4.6
Urban Street Scheme	1.0	2.0	3.0
Strategic Schools Improvement Programme (SSIP)	1.0	8.0	9.0
Pen Afan New Primary School (Abergwynfi)	0.5	-	0.5
Cwmavon New Kitchen and Dining Hall	0.85	-	0.85
PDR Safe Route to Schools	13.143	-	13.143
Civic Buildings	3.0	0.6	3.6

### 23a. LONG TERM INVESTMENTS

£0.086m	100% share capital in the Neath Waste Management Company at cost *
£0.003m	Various debenture and war stocks
£11.911m	Cash on deposit over 365 days to maturity including interest due
£100	100% issued shared capital in home improvement company

\* This company is a controlled arms length company in accordance with the Local Authorities (Companies) Order 1995. The market value of the share capital is nil.

### 23b. SHORT TERM INVESTMENTS

This represents money invested for less than 12 months and includes £15.048m outstanding from the failed banks and £1.014m accrued interest.

## 24. STATEMENT OF DEBTORS

31/3/08 £'000	CLASSIFICATION	31/3/09 £'000
19,029	Government Departments & Agencies ( <b>Note 1</b> )	12,202
9,508	Other Local Authorities	5,206
893	Business Rates	1,167
3,579	Council Tax	3,684
1,104	Housing Rents	1,197
8,569	Sundry Debtors	15,812
42,682		39,268
2,104	Prepayments – Other	2,176
44,786		41,444
	<u>Less</u> Provisions for Doubtful Debts ( <b>Note 2</b> )	
(3,193)	General Fund	(3,344)
(868)	Housing Revenue Account	(959)
<b>40,725</b>		<b>37,141</b>

**Note 1:** Included within Government Departments & Agencies at 31<sup>st</sup> March 2009 are £1.4m of debtors in relation to capital grants (£7.5m at 31/03/08).

**Note 2:** The provisions for doubtful debts have been determined using accepted practice and past experience, within material limits, to judge the amount of debts that will not eventually be recovered.

## 25. SHORT TERM CREDITORS

31/3/08 £'000	CLASSIFICATION	31/3/09 £'000
(6,165)	Government Departments & Agencies	(5,626)
(4,188)	Other Local Authorities	(4,176)
(406)	Business Rates	(274)
(354)	Council Tax	(601)
(20,316)	Sundry Creditors	(24,974)
(31,429)		(35,651)
(4,513)	Receipt in Advance – Other	(3,230)
<b>(35,942)</b>		<b>(38,881)</b>

## 26. LONG TERM CREDITORS

These are liabilities which will be repaid according to legal agreements.



**27. USABLE CAPITAL RECEIPTS AND GOVERNMENT GRANTS**

2007/08 £'000		2008/09	
		Capital Receipts £'000	Government Grants/Conts £'000
(16,566)	<b>Opening Balance</b>	(13,201)	(6,566)
	<u>Receipts during the year:</u>		
(6,333)	Sale of Assets	(1,100)	
(135)	Repayment of Mortgages	(82)	
(30,553)	Grants/Contributions		(34,914)
(53,587)		(14,383)	(41,480)
32,352	Application during the year	3,250	31,510
(21,235)		(11,133)	
1,468	Set Aside Capital receipts	724	
<b>(19,767)</b>	<b>Closing Balance</b>	<b>(10,409)</b>	<b>(9,970)</b>

The balances above represent capital grants (£9.9m) and Capital Receipts (£10.4m) which have not yet been used to finance capital schemes. They will be applied against expenditure in future years.

**28a. SHORT TERM BORROWING**

2007/08 £'000		2008/09 £'000
(1,346)	PWLB/Market Loans Less than 1 year	(9,347)
(1,206)	Other Loans	(1,278)
(2,552)		(10,625)
(552)	Interest Payable	(553)
<b>(3,104)</b>	<b>Total Carrying Value of Short Term Borrowing</b>	<b>(11,178)</b>

**28b. LONG TERM BORROWING**

31/3/08 £'000		Note	31/3/09 £'000
	<b><u>Source of Loan</u></b>		
(157,147)	Public Works Loans Board		(155,800)
(52,500)	Market Loans		(62,500)
(1,206)	Other	<b>1</b>	(1,278)
<b>(210,853)</b>			<b>(219,578)</b>
	<b><u>Analysis of PWLB &amp; Market Loans by Maturity</u></b>		
(1,346)	Less than 1 year	<b>2</b>	(9,347)
(9,347)	Between 1 and 2 years		(1,347)
(3,907)	Between 2 and 5 years		(3,816)
(11,859)	Between 5 and 10 years		(16,008)
(183,188)	More than 10 years		(187,782)
<b>(209,647)</b>			<b>(218,300)</b>

**Note 1:** Consisting of temporary borrowing by the Authority, and miscellaneous investments placed with the Authority. In the Balance Sheet these are shown as short term borrowing.

**Note 2:** In the Balance Sheet, PWLB & Market Loans of less than one year to maturity are shown as short term borrowing.

<b>2007/08 £'000</b>		<b>2008/09 £'000</b>
(210,853)	Total External Borrowing (Principal)	(219,578)
	Less: Short Term Borrowing	
1,206	- other loans	1,278
1,346	- PWLB/Market less than 1 year	9,347
<b>(208,301)</b>	<b>Total Long Term Borrowing (Principal)</b>	<b>(208,953)</b>
(2,974)	Amount of interest payable	(2,989)
<b>(211,275)</b>	<b>Total Carrying Value of Long Term Borrowing</b>	<b>(211,942)</b>

## 29. PROVISIONS

### Insurance £4.8m

The Insurance provision is available to meet all liabilities as at 31<sup>st</sup> March 2009, the majority of which relate to public and employers liability and property claims. The timing of the payments is uncertain and is dependant upon the length of time required to settle each and every claim.

### Section 117 £150,000

To provide for potential claims under the Mental Health Act 1983 up to the period ending 31<sup>st</sup> March 2000. The timing of the payments is uncertain.

<b>31/3/08 £'000</b>	<b>Classification</b>	<b>01/04/08 £'000</b>	<b>Net Movement 2008/09 £'000</b>	<b>31/3/09 £'000</b>
(5,523)	Insurance	(5,523)	723	(4,800)
(150)	Section 117	(150)	-	(150)
<b>(5,673)</b>		<b>(5,673)</b>	<b>723</b>	<b>(4,950)</b>

### 30. FRS17 – PENSION ASSETS AND LIABILITIES

#### Assets and liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities:

	Funded Liabilities: LGPS		Unfunded Liabilities: LGPS		Unfunded Liabilities: Teachers	
	2008/09	2007/08	2008/09	2007/08	2008/09	2007/08
	£m	£m	£m	£m	£m	£m
<b>1<sup>st</sup> April</b>	(476.61)	(514.07)	(17.69)	(18.74)	(17.72)	(18.15)
Current service cost	(12.95)	(17.16)	-	-	-	-
Interest cost	(32.59)	(27.50)	(1.16)	(0.96)	(1.16)	(0.95)
Contributions by scheme participants	(5.56)	(5.08)	-	-	-	-
Actuarial gains and (losses)	(11.49)	79.59	(0.71)	0.78	(0.69)	0.91
Benefits paid	13.18	12.69	1.30	1.26	1.32	1.28
Past service costs	(0.10)	(5.08)	-	(0.03)	(0.09)	(0.81)
<b>31<sup>st</sup> March</b>	<b>(526.12)</b>	<b>(476.61)</b>	<b>(18.26)</b>	<b>(17.69)</b>	<b>(18.34)</b>	<b>(17.72)</b>

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme	
	2008/09	2007/08
	£m	As restated £m
<b>1<sup>st</sup> April</b>	321.56	322.64
Expected rate of return	22.22	22.76
Actuarial gains and (losses)	(74.69)	(32.47)
Employer contributions	17.21	16.24
Contributions by scheme participants	5.56	5.08
Benefits paid	(13.18)	(12.69)
<b>31<sup>st</sup> March</b>	<b>278.68</b>	<b>321.56</b>

**N.B.** This excludes the unfunded LGPS and Teachers Pension Schemes which do not have any assets.

#### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Both the Teachers Scheme and the County Borough Council Scheme liabilities have been assessed by Hewitt Associates Ltd, an independent firm of actuaries. Estimates for the County Borough Council Scheme being based on the latest full valuation of the scheme as at 31<sup>st</sup> March 2007 and for the unfunded County Borough and Teachers Scheme based on a valuation at 31<sup>st</sup> March 2005.

The actual loss on scheme assets in the year was £74.69m (2007/08: £32.47m).

## Scheme History

	2004/05 *	2005/06 *	2006/07 As restated	2007/08 As restated	2008/09
	£m	£m	£m	£m	£m
<b>Present value of liabilities:</b>					
- LGPS	(428.70)	(497.93)	(532.81)	(494.30)	(544.38)
- Teachers Pension Scheme	(16.76)	(16.97)	(18.15)	(17.72)	(18.34)
Fair value of assets in the LGPS	234.69	296.72	322.64	321.56	278.68
<b>Surplus/(deficit) in the scheme:</b>					
- LGPS	(194.01)	(201.21)	(210.17)	(172.74)	(265.70)
- Teachers Pension Scheme	(16.76)	(16.97)	(18.15)	(17.72)	(18.34)
<b>Total Deficit</b>	<b>(210.77)</b>	<b>(218.18)</b>	<b>(228.32)</b>	<b>(190.46)</b>	<b>(284.04)</b>

\*The Authority has elected not to restate fair value of scheme assets for 2004/05 and 2005/06 as permitted by FRS17 (as revised), and consequently they are measured at mid-market value as opposed to the years 2006/07 to 2008/09 which are measured at current bid price.

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £284m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet, resulting in a reduction of 36% in both 2007/08 and 2008/09.

However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy:

- the deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary;
- finance is only required to be raised to cover teachers pensions when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31<sup>st</sup> March 2010 is £20m. Expected contributions for the Teachers Pension Scheme in the year to 31<sup>st</sup> March 2010 are £1.3m.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme		Unfunded Teachers Scheme	
	2008/09	2007/08	2008/09	2007/08
<b>*Long term expected rate of return on assets in the scheme:</b>				
Equity investments	7.0%	7.6%	-	-
Property	6.0%	6.6%	-	-
Bonds:				
- Government	4.0%	4.6%	-	-
- Corporate	5.8%	6.8%	-	-
Cash/Other	1.6%	6.0%	-	-
<b>Mortality assumptions</b>				
Longevity at 65 for current pensioners:				
- Men	21.5	20.6	21.5	20.6
- Women	23.5	22.7	23.5	22.7
Longevity at 65 for future pensioners:				
- Men	23.7	22.5	23.7	22.5
- Women	25.7	23.9	25.7	23.9
<b>Financial Assumptions</b>				
Rate of Inflation	3.5%	3.7%	3.5%	3.7%
Rate of increase in salaries	5.0%	5.2%	-	-
Rate of increase in pensions	3.5%	3.7%	3.5%	3.7%
Rate for discounting scheme liabilities	6.6%	6.8%	6.6%	6.8%
Take-up of option to convert annual pension into retirement lump sum				
- Pre 2008	50%	50%	-	-
- Post 2008	75%	75%	-	-

**N.B.** The LGPS includes the unfunded scheme where applicable.

\* The Authority employs a building block approach in determining the rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the fund at 31/3/09.

The Teachers Pension Scheme has no assets to cover its liabilities. The Local Government Pension Scheme's assets (funded scheme) consist of the following categories, by proportion of the total assets held:

	<b>31<sup>st</sup> March 2009</b>	<b>31<sup>st</sup> March 2008</b>
	<b>%</b>	<b>%</b>
Equity investments	68.0	68.4
Property	0.7	-
Bonds:		
- Government	10.9	16.1
- Corporate	5.3	3.3
Cash/Other	15.1	12.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### History of Experience Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2008/09 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31<sup>st</sup> March 2009:

<b>Local Government Pension Scheme</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>As restated</b>	<b>%</b>
				<b>%</b>	<b>%</b>
Differences between the expected and actual return on assets	3.30	13.50	(0.40)	(10.08)	(26.80)
Experience gains and (losses) on liabilities	(3.60)	(0.40)	(0.20)	(1.34)	(0.40)

<b>Unfunded Liabilities</b>		<b>2007/08</b>	<b>2008/09</b>
		<b>As restated</b>	<b>%</b>
		<b>%</b>	<b>%</b>
Experience gains and (losses) on liabilities:			
- LGPS		(0.68)	(1.20)
- Teachers		(0.73)	(1.20)

In accordance with Paragraph 79 of FRS17 (as revised), unfunded liabilities are disclosed separately for periods beginning on or after 6/4/07. The history of experience gain/(loss) on liabilities has not been re-stated for 2004/05, 2005/06 and 2006/07 and these include the experience relating to unfunded liabilities.

**31. GOVERNMENT GRANTS DEFERRED**

<b>2007/08</b> <b>£'000</b>		<b>2008/09</b> <b>£'000</b>
<b>(74,281)</b>	Opening Balance	<b>(89,135)</b>
(29,740)	Grants Received	(31,510)
12,874	Grants Applied to Finance New Capital	13,962
2,012	Grants Released to Income & Expenditure Account	5,546
<b>(89,135)</b>	<b>Closing Balance</b>	<b>(101,137)</b>

**32. FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT**

<b>2007/08</b> <b>£'000</b>		<b>2008/09</b> <b>£'000</b>
<b>3,647</b>	<b>Opening Balance</b>	<b>3,452</b>
-	Impairment of Investments ( <b>Note 1</b> )	4,952
(249)	Release of Premium to Income & Expenditure Account	(223)
54	Release of Discount to Income & Expenditure Account	54
<b>3,452</b>	<b>Closing Balance</b>	<b>8,235</b>

This account was established on 1<sup>st</sup> April 2007 in accordance with the new financial instruments reporting standards (25/26/29). It was created from the existing balances on debt rescheduling premiums and discounts as at 31/3/07.

**Note 1** It has been agreed between the Wales Audit Office and CIPFA that the impairment of the investments in the failed banks will be calculated in a prescribed manner and charged to the Financial Instruments Adjustment Account. The value of the impairment will change when the final settlement from each of the failed institutions is known.

### 33. CAPITAL ADJUSTMENT ACCOUNT

2007/08 £'000		2008/09		
		£'000	£'000	£'000
(460,776)	<b>Opening Balance</b>			(424,867)
	<b>Financing of Capital Expenditure:</b>			
(12,874)	- Grants & Contributions	(13,962)		
11,814	Less Applied against Deferred Charges/ Non Added Value	13,962		
			-	
(2,612)	- Capital Receipts		(3,250)	
(5,584)	- Reserves		(5,277)	
(142)	- Revenue		(248)	
				(8,775)
(7,257)	Minimum Revenue Provision		(8,063)	
(1,468)	Reserved Capital Receipts		(724)	
18	General Fund Mortgages		8	
11,588	Write off of Depreciation provision of revalued assets		-	
				(8,779)
	<b>Negate Income &amp; Expenditure Account Charges:</b>			
22,365	- Depreciation		24,189	
(2,012)	- Government Grants Deferred		(5,546)	
3,758	- Deferred Charges (Net of Capital Grant)		4,854	
7,971	- Fixed Asset Non Added Value (Net of Capital Grant)		7,370	
3,869	- Fixed Asset Disposals		380	
5,286	- Fixed Asset Revaluation		1,233	
140	- Fixed Asset Transfers		-	
1,049	- Fixed Asset Impairment		-	
-	- Fixed Asset Historical Depreciation		(962)	
-	- Notional Debt on Transferred Assets		582	
				32,100
(424,867)	<b>Closing Balance</b>			(410,321)

The major transactions on this account include:

- the financing of the capital programme (excluding loans);
- the value of fixed assets disposed of during the year and expenditure on fixed assets that did not add value;
- various transfers to/from the Income & Expenditure Account to negate the impact of deferred charges, depreciation, government grants deferred on the amount to be raised from Council Tax.



**34. REVALUATION RESERVE**

<b>2007/08 £'000</b>		<b>2008/09 £'000</b>
-	<b>Balance at 1/4/08</b>	<b>(33,930)</b>
(33,930)	Revaluation of Assets	(222,966)
-	Historical Depreciation Adjustment	962
-	Disposal of Revalued Assets	268
<b>(33,930)</b>	<b>Closing Balance 31/3/09</b>	<b>(255,666)</b>

The balance on this reserve will continually reflect the difference between the carrying or current value of individual assets and the proxy for their historical cost (which is equal to their net book value at 31/3/07).

### 35. STATEMENT OF RESERVES

#### 35a. Revenue Reserves

Opening Balance at 1/4/08 £'000		Net (Gains) /Losses £'000	Net Transfers to/(from) Other Reserves £'000	Closing Balance at 31/3/09 £'000
	<b><u>Education, Leisure &amp; Lifelong Learning</u></b>			
(3,423)	Delegated Schools	684		(2,739)
(173)	ER/VR	51		(122)
(2,010)	Other	174		(1,836)
(273)	Leisure	148		(125)
<b>(5,879)</b>		<b>1,057</b>	-	<b>(4,822)</b>
	<b><u>Environment</u></b>			
(200)	Winter Maintenance	-		(200)
(138)	Environment General	33		(105)
(260)	Civic/Building Maintenance	(101)		(361)
(197)	Other	1		(196)
(1,147)	Former Trading Accs–Vehicle Renewals	559		(588)
(18)	Former Trading Acc–Other Operating	(31)		(49)
(441)	Economic Development	119		(322)
(29)	Briton Ferry Industrial Estate	29		-
(197)	Workways Equalisation	136	61	-
(174)	South Wales Trunk Road Agency	34		(140)
(106)	Employment Support	167	(61)	-
(66)	Reclamation	-		(66)
<b>(2,973)</b>		<b>946</b>	-	<b>(2,027)</b>
	<b><u>Social Services, Health &amp; Housing</u></b>			
(671)	Social Services Equalisation	330		(341)
(1,308)	Hillside Secure Unit	(180)		(1,488)
(25)	Other Social Services	(14)		(39)
(67)	Housing – General Fund	-		(67)
(108)	Supporting People Equalisation	-		(108)
<b>(2,179)</b>		<b>136</b>	-	<b>(2,043)</b>
	<b><u>Finance &amp; Corporate Services</u></b>			
(326)	Access to Services	(74)		(400)
(220)	Election Fund	105		(115)
(149)	Legal Disputes	-		(149)
(1,724)	IT Renewals / Systems	142		(1,582)
(271)	Other	(183)		(454)
<b>(2,690)</b>		<b>(10)</b>	-	<b>(2,700)</b>

Opening Balance at 1/4/08 £'000		Net (Gains) /Losses £'000	Net Transfers to/(from) Other Reserves £'000	Closing Balance at 31/3/09 £'000
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	<b><u>Corporate Reserves</u></b>			
(412)	Spend to Save	247		(165)
(652)	Environment Discovery Centre	652		-
(161)	E-Government Initiatives	61		(100)
(148)	IT Renewals/Systems	63		(85)
(197)	Other	10		(187)
(6,222)	Job Evaluation	170		(6,052)
(732)	Management of Change	(158)		(890)
(4,363)	Civic Accommodation	334		(4,029)
-	Transformation	(493)		(493)
-	Treasury Management	(2,006)		(2,006)
-	Settlement	(4,345)		(4,345)
-	Fire Authority	(684)		(684)
<b>(12,887)</b>		<b>(6,149)</b>	-	<b>(19,036)</b>

<b>(26,608)</b>	<b>TOTAL DIRECTORATE &amp; CORPORATE RESERVES</b>	<b>(4,020)</b>	-	<b>(30,628)</b>
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### 35b. Other

<b>(1,950)</b>	Neath Waste Disposal Company	<b>71</b>	-	<b>(1,879)</b>
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### 35c. Insurance

(327)	Risk Management	(4)		(331)
(4,359)	Insurance General	(2,425)		(6,784)
<b>(4,686)</b>		<b>(2,429)</b>	-	<b>(7,115)</b>

<b>(33,244)</b>	<b>TOTAL REVENUE RESERVES</b>	<b>(6,378)</b>	-	<b>(39,622)</b>
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### 35d. Capital Reserves

(152)	Market Surplus	(15)		(167)
(1,765)	General Fund	1,397		(368)
(545)	Earmarked	-		(545)
<b>(2,462)</b>	<b>TOTAL CAPITAL RESERVES</b>	<b>1,382</b>	-	<b>(1,080)</b>

<b>(35,706)</b>	<b>GRAND TOTAL OF RESERVES</b>	<b>(4,996)</b>	-	<b>(40,702)</b>
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### 36. STATEMENT OF WORKING BALANCES

Opening Balance at 01/04/08 £'000		Net (Gains) /Losses £'000	Net Transfers to/(from) Other Reserves £'000	Closing Balance at 31/3/09 £'000
(7,099)	Council Fund	557		(6,542)
(9,517)	Housing Revenue Account	(1,475)		(10,992)
<b>(16,616)</b>		<b>(918)</b>		<b>(17,534)</b>

### 37. FINANCE LEASES

The capital value of assets held under finance leases as at 31/3/09 is nil.

### 38. ANALYSIS OF NET ASSETS EMPLOYED (SSAP25)

2007/08 £'000		2008/09		
		Housing Revenue Account £'000	General Fund £'000	Total £'000
533,136	Assets less Liabilities	406,105	328,527	734,632
(202,061)	Not Attributed (Note 1)	*	*	(292,275)
<b>331,075</b>	<b>Total Assets less Liabilities</b>			<b>442,357</b>

**Note 1:** This relates mainly to the Pension Liability and insurance claims provision which the Authority is not able to attribute.

### 39. CONTINGENT LIABILITY

A number of residents in the locality of the Materials Recovery and Energy Centre at Crymlyn Burrows have notified Neath Port Talbot Recycling Ltd of a claim for damages against the Company in respect of an odour nuisance. The likelihood and value of any settlement at present is unknown but the Company is defending any such claims vigorously.

### 40. GROUP ACCOUNTS

As stated in the Explanatory foreword, no Group Accounts have been prepared on the basis of materiality.

However, the Authority does have a 100% shareholding in Neath Port Talbot Waste Management Company Ltd (NPTWM) who, in November 2005, increased their holding to 100% in HLC (WMS) Ltd who were the operating company for the materials recycling plant. HLC(WMS) Ltd was renamed NPT (Recycling) Ltd.

Included within the balance sheet of the Authority at 31<sup>st</sup> March 2009 are the land of NPT WM (at nil value) and the land, buildings, equipment and plant of Neath Port Talbot (Recycling) Ltd.

The accounts for NPTWM (Registration Number 2633569) for 2008/09 although unaudited are not considered material for Group Account purposes.

Unaudited financial results for 2008/09 are shown below:

<b>Audited 2007/08 £'000</b>		<b>Unaudited 2008/09 £'000</b>
(712)	Net Liabilities	(833)
(18)	Net Loss	(121)

The draft management accounts for Neath Port Talbot (Recycling) Ltd. (Registration Number 3595980) for 2008/09 show:

<b>2007/08 £'000</b>		<b>2008/09 £'000</b>
(9)	Net Assets/(Liabilities)	36
(64)	Net Profit/(Loss)	(127)

The accounts for both companies can be obtained from Companies House in Cardiff upon completion of their respective audits.

#### 41. SCHEDULE OF ASSETS IN THE OWNERSHIP OF THE AUTHORITY

31/03/08 Number	Establishment	31/3/09 Number
71	Primary Schools (exc Church Schools)	71
12	Secondary Schools (exc Church Schools)	12
3	Special Schools	2
1	Pupil Referral Units	1
3	Lifelong Learning Centres	3
18	Libraries	18
6	Country Parks	6
3	Residential Homes – Homeless Hostel	3
7	Residential Homes – Homes for the Aged	7
3	Residential Homes - Minimum Support Homes	4
1	Residential Homes – Rehabilitation Units	1
4	Residential Homes – Respite Homes	4
17	Day Centres	17
19	Other Centres	19
1	Secure Unit	1
10	Cemeteries	10
1	Crematorium	1
15	Depots, Stores & Workshops	15
28	Civic & Office Buildings	26
8	Sports Centres & Pools	8
9	Museums, Cultural Centres, Theatres & Tourist Information Centres	9
2	Bus Stations	2
8	Pay & Display Car Parks	10
38	Other Car Parks	37
3	Civic Amenities	3
219	Industrial Workshops	256
45	Commercial & Development Plots	45
2	Markets	2
20	Parks	20
45	Playgrounds	45
31	Playing Fields	31
13	Public Conveniences	13
7	Sports Facilities	6
23	Sheltered Housing Complexes	21
24	Shops	24
590.7km	Pubic Highways Roads – Built Up	590.8km
247.2km	Public Highways Roads – Non Built Up	247.2km
9,291	Council Dwellings	9,278

## 42. FINANCIAL INSTRUMENTS FRS 25, 26 AND 29

As part of the Statement of Accounts there is a need too ensure that the Statements comply with Financial Standards 25, 26 and 29 which deal with the recognition, measurement, disclosure and presentation of financial instruments. FRS25 defines a financial instrument as “any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity”. The following table illustrates the range of financial instruments held by the Council.

Cash	Financial Asset
Bank Deposit/Overdraft	Financial Asset/Liability
Trade Creditor	Financial Liability
Debtor	Financial Asset
Loans Payable	Financial Liability
Investments	Financial Asset

FRS26 states that all financial instruments are recognised in the Balance Sheet at Fair Value. Fair Value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price.

### **Methodology and Assumptions**

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at principal plus accrued interest. The fair value of the loans and receivables and financial liabilities is determined by calculating the Net Present Value of future cashflows, which provides an estimate of the value of payments in the future as at 31st March 2009.

The discount rate used in the NPV calculation is equal to the current rate in relation to the same instrument from a comparable lender and is the rate applicable in the market as at 31<sup>st</sup> March 2009, for an instrument with the same duration. Where it is difficult to obtain the rate for an instrument with identical features in an active market then the prevailing rate of a similar instrument with a published market rate has been used as the discount factor. For those banks that have gone into administration or receivership the NPV calculation uses the rate at which the investment was originally placed.

The latest portfolio valuation took place on 31<sup>st</sup> March 2009. The principal assumptions used were:

- Interest is calculated using the most common market convention
- No early repayment is recognised
- Impairment of investments with failed institutions has been recognised
- Fixed term deposit interest is assumed to be received on maturity, or annually if duration is more than 1 year
- Interest is not paid/received on the start date of an instrument, but is paid/received on the maturity date
- The fair value of debtors and creditors is taken to be the invoiced or billed amount.



- The fair value of PWLB debt is calculated using the new borrowing rate as opposed to the premature repayment rate.

The fair values are calculated as follows:

<b>Items Treated as Financial Instruments</b>	<b>Principal £'000</b>	<b>Principal + Accrued Interest (Carrying Value) £'000</b>	<b>Fair Value £'000</b>
<b>Loans and Receivables i.e. Investments</b>			
Fixed Term Investments	63,188	64,634	65,093
Callable Investments	11,000	11,911	12,314
Cash	13,710	13,710	13,710
<b>Total</b>	<b>87,898</b>	<b>90,255</b>	<b>91,117</b>
<b>Financial Liabilities</b>			
Market Loan (LOBO)	(62,500)	(63,241)	(59,433)
PWLB *	(155,800)	(158,557)	(174,087)
<b>Total</b>	<b>(218,300)</b>	<b>(221,798)</b>	<b>(233,520)</b>

- \* A valuation of debt has been undertaken by PWLB and has been calculated by reference to the 'premature repayment' set of rates in force on 31<sup>st</sup> March 2009. PWLB debt has been valued at £181,955,896 and this data is provided for information and comparison purposes only.

### **Inclusion of Accrued Interest**

The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value in the Balance sheet. Since this will include accrued interest as at the Balance Sheet Date, accrued interest is included in the fair value calculation. Accrued Interest is calculated up to and including the valuation date 31<sup>st</sup> March 2009 and for the failed institutions calculated up to and including the date of default.

### **Market Analysis**

The following analysis of the market movements during the financial year to 31<sup>st</sup> March 2009 will explain the fluctuations in market rates which affect the fair values.

2008/09 has been one of the most turbulent in the history of financial markets. The collapse or near collapse of many major and respected financial institutions brought unprecedented action by the world's central bank, and also by Governments, in an attempt to both prevent the banking system from total collapse but also to help stimulate economic activity.

The result has been a massive easing of global monetary policy with interest rates in the UK falling during the year from a high of 5% to a current low of 0.5%. Rates were first cut in October 2008 to 4.5% and reached the low of 0.5% in March 2009.

## Fixed Deposit Rates as at 31<sup>st</sup> March 2009

<b>Bank Base Rate</b>	<b>0.5%</b>
-----------------------	-------------

<b>Comparable Fixed Deposit Rates</b>	<b>Gross Rate %</b>
1 week	0.69
2 weeks	0.75
3 weeks	0.97
1 month	1.03
2 months	1.48
3 months	1.64
6 months	1.86
9 months	1.96
12 months	2.05

### **Risk Analysis**

Each year the Authority approves its Treasury Management Policy including Annual Investment Strategy in line with the Local Government Act 2003 and Prudential Code of Practice. These set out its Treasury Strategy for borrowing and Investment Strategy policies for managing its investments and for giving priority to the security and liquidity of those investments. The strategy also takes account of views on interest rates as supplemented by market forecasts provided by the Authority's treasury advisor.

It is a statutory duty under Section 3 of the Local Government Act 2003 for all Authorities to determine and keep under review how much it can afford to borrow. The borrowing requirement reflects the Authority's underlying requirement to fund capital expenditure and service existing loan debt.

### **Investment Risk**

The Authority's investment priorities are: -

- (a) the security of capital and
- (b) the liquidity of its investments.

The Authority aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. As a result of the turmoil in global financial banking, and to limit the counterparty risk exposure, the Council has adopted more stringent credit criteria and introduced maximum periods and amounts for certain categories of counterparty.

The Authority uses Fitch ratings to derive its counterparty criteria. All credit ratings are continually monitored and all changes are alerted by its adviser's creditworthiness service. If a downgrade results in the counterparty/investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment is withdrawn immediately.

The Authority's policy allows investments up to a maximum total of £25m for periods of more than 1 year and up to 5 years.

As at 31<sup>st</sup> March 2009 the Authority had the following deposits which are for periods of more than one year:

	<b>Amount</b>	<b>Date Arranged</b>	<b>Maturity Date</b>	<b>Rate</b>
<i><b>12-month callable deposit</b></i>				
National Australia Bank	£2.0m	15 June 07	15 June 10	5.48%
Barclays Bank	£3.0m	5 June 08	3 June 11	6.60%
Barclays Bank	£3.0m	12 June 08	13 June 11	7.15%
<i><b>6-month callable deposits</b></i>				
HSBC Bank Ltd	£3.0m	20 Oct 06	20 Oct 10	5.18%
<b>TOTAL</b>	<b>£11.0m</b>			

### **Nature and Extent of Risks Arising from Financial Instruments**

The Authority's activities expose itself to a variety of financial risks:

1. Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
2. Liquidity Risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
3. Market Risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a treasury team, under policies approved by the Cabinet Board in the annual treasury management strategy. The strategy provides written principles for areas such as interest rate risk, credit risk and the investment of surplus cash.

### **Liquidity Risk**

As the Authority has ready access to borrowings from the Public Works Loans Board there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. In addition, the profile of borrowings is constantly under review so that loans can be repaid early and replaced with new loans when it is economically favourable to do so. This reduces the risk that may occur for the Authority to be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

## **Interest Rate Risk**

The Authority is exposed to risk in terms of exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise.
- Borrowings at fixed rates – the fair value of the liabilities will fall.
- Investments at variable rates – the interest income credited to the Income and Expenditure account will rise.
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are shown at carrying value in the balance sheet at 31<sup>st</sup> March 2009 and not fair value, so nominal gains and losses on fixed rate borrowings do not impact on the Accounts.

The Treasury Management Team actively assess interest rate exposure together with the appropriate time to enter into new borrowings and feeds the projected figures for interest payable and receivable into budgets.

## **Price and Foreign Exchange Risk**

The Authority does not hold equity investments or foreign currencies and hence has no exposure to such risk.

#### 43. INVESTMENTS - IMPAIRMENT

Early in October 2008, the Icelandic banks Landsbanki, Kaupthing and Glitnir collapsed and the UK subsidiaries of the banks, Heritable and Kaupthing Singer and Friedlander went into administration. The Authority had £20m deposited across 4 of these institutions as follows:

<b>Bank</b>	<b>Principle Amount Invested £m</b>	<b>Principle Including Interest £m</b>	<b>Balance Sheet Carrying Amount £m</b>	<b>Impairment £m</b>
Heritable Bank Ltd	9	9.39	6.55	2.84
Kaupthing Singer & Friedlander Ltd	3	3.17	1.38	1.79
Landsbanki Islands hf	6	6.32	5.14	1.18
Glitnir Bank hf	2	2.12	1.97	0.15
<b>TOTAL</b>	<b>20</b>	<b>21</b>	<b>15.04</b>	<b>5.96</b>

All monies within these institutions are currently subject to the respective administration and receivership processes. The amounts and timing of payments to depositors such as the Authority will be determined by the administrators / receivers.

The current situation with regards to recovery of the sums deposited varies between each institution. Based on the latest information available the Audit Commission, Wales Audit Office, Scottish Audit Office & CIPFA have instructed the Authority to make an impairment adjustment for the deposits. As the available information is not definitive as to the amounts and timings of payments to be made by the administrators / receivers, it is likely that further adjustments will be made to the accounts in future years.

#### **Heritable Bank**

Heritable Bank is a UK registered bank under English law. The company was placed in administration on 7<sup>th</sup> October 2008. The creditor progress report issued by the administrators Ernst and Young, dated 17<sup>th</sup> April 2009 outlined that the return to creditors was projected to be 80p in the £ by the end of 2012 with the first dividend payment of 15p in the £ due in the summer of 2009. Recoveries included within the Authority's balance sheet include interest accrued up to 6<sup>th</sup> October 2008.

#### **Kaupthing Singer and Friedlander Ltd**

The creditor progress report issued by the administrators Ernst and Young, dated 17<sup>th</sup> April 2009 outlined that the return to creditors was projected to be a minimum of 50p in the £ but no timescale is indicated. The administrator indicated that the estimate could be lower or higher if significant issues arose; the 50p in the £ stated is therefore a prudent estimate within a range of possible amounts. The first dividend payment of 10p in the £ is due in the summer of 2009. Recoveries included within the Authority's balance sheet include interest accrued up to 7<sup>th</sup> October 2008.

## **Landsbanki**

Landsbanki Islands hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Landsbanki) with the management of the affairs of Old Landsbanki being placed in the hands of a resolution committee. Old Landsbanki's affairs are being administered under Icelandic law. Old Landsbanki's latest public presentation of its affairs was made to creditors on 20 February 2009 and can be viewed on its website. This and other relevant information indicates that a recovery of between 90%-100% could be achieved. Therefore a mid point position has been taken and the assumed recovery is 95% by 2012. Recovery is subject to the following uncertainties and risks:

- Confirmation that deposits enjoy preferential creditor status which is likely to have to be tested through the Icelandic courts.
- The impact of exchange rate fluctuations on the value of assets recovered by the resolution committee and on the settlement of the Authority's claim, which may be denominated wholly or partly in currencies other than sterling.
- Settlement of the terms of a 'bond' which will allow creditors of Old Landsbanki to enjoy rights in New Landsbanki.

Failure to secure preferential creditor status would have a significant impact upon the amount of the deposit that is recoverable. The total assets of the bank only equate to one third of its liabilities, assuming that the Bond remains at its current value. Therefore, if preferential creditor status is not achieved the recoverable amount may only be 33p in the £.

No information has been provided by the resolution committee about the timing of any payments to depositors. Because it is anticipated that all the assets of Landsbanki Islands will need to be realised to repay priority creditors, settlement in a single sum is unlikely. Recoveries included within the Authority's balance sheet include interest accrued up to 14<sup>th</sup> November 2008 [maturity date if earlier].

## **Glitnir Bank hf**

Glitnir Bank is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Glitnir) with the management of the affairs of Old Glitnir being placed in the hands of a resolution committee. Old Glitnir's affairs are being administered under Icelandic law. Old Glitnir's latest public presentation of its affairs was made to creditors on 6<sup>th</sup> February 2009 and can be viewed on its website. This indicates that full recover of the principal and interest to 14<sup>th</sup> November 2008 is likely to be achieved. Recovery is subject to the same uncertainties and risks mentioned in relation to Landsbanki above.

Failure to secure preferential creditor status would have a significant impact upon the amount of the deposit that is recoverable. The total assets of the bank only equate to 40% of its liabilities, assuming that the Bond remains at its current estimated value. Therefore, if preferential creditor status is not achieved the recoverable amount may only be 40p in the £.

No information has been provided by the resolution committee about the timing of any payments to depositors. Recoveries included within the Authority's balance sheet include interest accrued up to 14<sup>th</sup> November 2008.

### **Other Information**

The impairment loss of £5.966m recognised in the Income & Expenditure Account in 2008/09 has been calculated by discounting the assumed cash flows at the effective interest rate of the original deposits. The interest income of (£1.014) recognised in the Income & Expenditure Account is what would have been received on the investments up to 31<sup>st</sup> March 2009 using the original interest rate of the investments. The effect of being instructed to use the original effective interest rate as opposed to the current market rate of a similar investment when discounting future cash flows has been to increase the value of the calculated impairment at 31<sup>st</sup> March 2009.

Adjustments to the assumptions will be made in future accounts as more information becomes available and will change the recoverable and impaired amounts.

The Authority has taken advantage of the Capital Finance Regulations to defer the impact of the net impairment loss on the General Fund, and a sum of £4.952m has been transferred to the Financial Instruments Adjustment Account.

Discussions are ongoing with the Welsh Assembly Government to amend Regulations to allow the Authority to charge the relevant proportion of the impairment loss, including lost interest, to the Housing Revenue Account and Pension Fund.

### **CIPFA Guidance on Impairment – September 2009**

Whilst revised guidance has been received in September 2009, which could change the overall net impairment write off for the four banks by an additional £116,000, this sum is not deemed material to the accounts which thus remains unchanged. The impairment calculation and notes set out below were prepared in accordance with CIPFA guidance issued in May 2009.

However, the revised accounting guidance indicates the likely recovery from each Icelandic bank as shown below:

#### **Heritable Bank**

The likely recovery is still 80% by mid 2013 but with small changes to the likely timing of the repayments.

#### **Kaupthing Singer and Friedlander Ltd**

The likely recovery is still 50% by October 2012 but with small changes to the likely timing of the repayments.

**Glitnir Bank**

The likely recovery is still 100% by March 2010 with interest now able to be claimed up until 22<sup>nd</sup> April 2009 as opposed to 14<sup>th</sup> November 2008. This change has arisen directly from a new act introduced under Icelandic law with the interest due from the maturity date, 19<sup>th</sup> February 2009 to the 22<sup>nd</sup> April 2009 able to be claimed at a penalty rate of 22% opposed to the original investment rate.

**Landsbanki Islands**

The likely recovery has fallen from 95% by December 2012 to 83% by December 2012. However, as with the Glitnir Bank above the interest is now claimable up to 22<sup>nd</sup> April 2009 as opposed to the 14<sup>th</sup> November or maturity date if earlier. Additionally, all interest due from the maturity dates to the 22<sup>nd</sup> April 2009 is able to be claimed at a penalty rate of 22% as opposed to the original investment rate.



## NOTES TO THE CASHFLOW STATEMENT

### 44. RECONCILIATION OF (SURPLUS)/DEFICIT TO NET CASH FLOW

2007/08 £'000		2008/09 £'000
(3,121)	Revenue (Surplus)/Deficit	557
(1,081)	Housing (Surplus)/Deficit	(1,475)
	<b>Non Cash Transactions</b>	
465	Contribution (to)/from Provision	481
(5,053)	Contribution (to)/from Reserves	(4,996)
(7,445)	Minimum Revenue Provision/Debt Premium	(8,227)
(5,726)	Capital Expenditure charged in-year to Council Fund	(5,525)
665	Miscellaneous Revenue/Working Balances	694
	Impairment of Icelandic Investments	4,952
	<b>Items on an Accrual Basis</b>	
60	Increase/(Decrease) in Stock	172
12,378	Increase/(Decrease) in Debtors	1,170
(2,769)	(Increase)/Decrease in Creditors	(4,848)
	<b>Items in Another Cashflow Heading</b>	
4,201	Interest on Balances	5,064
(9,412)	Interest charged to Services	(10,903)
<b>(16,838)</b>	<b>Net Cash Inflow from Revenue Activities</b>	<b>(22,884)</b>

### 45. FINANCING & MANAGEMENT OF LIQUID RESOURCES

	Balance 1/4/08 £'000	Cash Outflow £'000	Cash Inflow £'000	Other Changes £'000	Balance 31/3/09 £'000
Temporary Investments	72,240	258,570	(248,600)	(4,952)	77,258
Long Term Borrowing	(208,301)	1,346	(10,000)	8,002	(208,953)
Short Term Borrowing	(2,552)	11,545	(11,548)	(8,002)	(10,557)
	<b>(138,613)</b>	<b>271,461</b>	<b>(270,148)</b>	<b>(4,952)</b>	<b>(142,252)</b>

**46a. RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT**

	<b>£'000</b>	<b>£'000</b>
Increase in cash in the period	2,550	
Cash to Repay Loans	12,891	
Cash from New Loans	(21,548)	
Cash used to increase Liquid Resources	5,018	
Decrease in Net Debt		(1,089)
Net Debt 1/4/08		(143,382)
<b>Net Debt 31/3/09</b>		<b>(144,471)</b>

**46b. ANALYSIS OF CHANGES IN NET DEBT**

	<b>1/4/08 £'000</b>	<b>Cashflow £'000</b>	<b>Other Changes £'000</b>	<b>31/3/09 £'000</b>
Schools/Officers Cash	1,976	(761)	-	1,215
Cash and Bank	(6,745)	3,311	-	(3,434)
Long Term Borrowing	(208,301)	(8,654)	8,002	(208,953)
Short Term Borrowing	(2,552)	(3)	(8,002)	(10,557)
Temporary Investments	72,240	9,970	(4,952)	77,258
	<b>(143,382)</b>	<b>3,863</b>	<b>(4,952)</b>	<b>(144,471)</b>

**47. GOVERNMENT GRANTS**

<b>2007/08 £'000</b>		<b>2008/09 £'000</b>
150,000	Revenue Support Grant	151,611
47,857	DSS Grants for Benefits	55,174
30,725	Other	31,998
<b>228,582</b>	<b>Total Government Grants</b>	<b>238,783</b>

**HOUSING REVENUE ACCOUNT**  
**INCOME & EXPENDITURE ACCOUNT**

2007/08 £'000		2008/09 £'000
	<b>INCOME</b>	
(25,173)	Dwelling Rents	(25,774)
(4)	Non-dwelling Rents	(4)
(608)	Charges for Services and Facilities	(803)
(6,200)	Major Repair Allowance	(6,200)
<b>(31,985)</b>	<b>Total Income</b>	<b>(32,781)</b>
	<b>EXPENDITURE</b>	
17,515	Repairs and Maintenance (Note 1)	18,983
5,049	Supervision and Management	5,255
26	Rents, Rates, Taxes and Other Charges	43
5,182	Negative Housing Revenue Account Subsidy Payable (Note 1a)	4,341
8,364	Depreciation and Impairment of Fixed Assets (Note 2)	8,781
3	Debt Management Costs	3
141	Increase in Bad Debt Provision (Note 3)	142
<b>36,280</b>	<b>Total Expenditure</b>	<b>37,548</b>
<b>4,295</b>	<b>Net Cost of HRA Services per Authority Income and Expenditure Account</b>	<b>4,767</b>
497	HRA Services Share of Corporate and Democratic Core	466
<b>4,792</b>	<b>Net Cost of HRA Services</b>	<b>5,233</b>
(117)	(Gain)/Loss on Sale of HRA Fixed Assets	(250)
2,033	Interest Payable and Similar Charges	1,897
(520)	Interest and Investment Income	(426)
6,188	Net (Surplus)/Deficit for the Year	6,454

**STATEMENT OF MOVEMENT ON HRA BALANCE**

2007/08 £'000		2008/09 £'000
6,188	(Surplus)/Deficit for the year on the HRA Income & Expenditure Account	6,454
(7,269)	Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year (see page 56)	(7,929)
<b>(1,081)</b>	<b>(Increase)/Decrease in the HRA Balance</b>	<b>(1,475)</b>
(8,436)	HRA Surplus brought forward	(9,517)
<b>(9,517)</b>	<b>HRA Surplus carried forward</b>	<b>(10,992)</b>

**NOTE TO THE STATEMENT OF MOVEMENT**  
**ON THE HRA BALANCE**

2007/08 £'000		2008/09 £'000
	<b>Items included in the HRA Income and Expenditure Account but required to be excluded when determining the movement on HRA Balance for the year</b>	
(7,811)	Depreciation, Impairment and Revaluation of Fixed Assets	(8,781)
117	Gain or Loss on Sale of Fixed Assets	250
(1,720)	Fixed Assets – Non Added Value	(1,747)
(9,414)		(10,278)
	<b>Items not included in the HRA Income and Expenditure Account but required to be included when determining the movement on HRA Balance for the year</b>	
804	Minimum Revenue Provision	759
1,230	Capital Expenditure financed by the HRA	1,506
111	Annual release of debt premium	84
(7,269)		(7,929)
-	<b>Transfers (to)/from the HRA balance that are required to be taken into account when determining the movement on the HRA balance for the year</b>	-
(7,269)	<b>Net additional amount required by statute to be debited/(credited) to the HRA Balance for the year</b>	(7,929)

# **NOTES TO THE HOUSING REVENUE ACCOUNT** **INCOME & EXPENDITURE ACCOUNT**

The Housing Revenue Account (HRA) has been prepared in accordance with the provisions of the Local Government Act 2003.

## **1. REPAIRS AND MAINTENANCE**

During 2008/09, the Authority spent £7.947m of capital expenditure maintaining the housing stock. This is included under repairs and maintenance as it merely maintains asset value as opposed to enhancing asset value.

### **1a. NEGATIVE HOUSING REVENUE ACCOUNT SUBSIDY PAYABLE**

The payment of subsidy to the Welsh Assembly Government for 2008/09 has been offset by the receipt of a £590,000 over payment received in relation to 2006/07.

## **2. DEPRECIATION AND IMPAIRMENT OF FIXED ASSETS**

This is a measure of the rate at which the economic benefits inherent in fixed assets are being consumed.

<b>2007/08</b>		<b>2008/09</b>
<b>£'000</b>		<b>£'000</b>
8,364	Operational Assets (inc. Dwellings)	8,337
-	Loss on Revaluation of Assets ( <b>Note 1</b> )	444
<b>8,364</b>		<b>8,781</b>

### **Note 1:**

The housing stock was revalued in 2008/09 as part of the 5 year rolling programme of asset valuations. This is the first time that the housing assets have been revalued under the new accounting rules for asset revaluation introduced in 2007/08 by the 2007 SORP. This requires any loss on revaluations to be initially recognised in the Income & Expenditure Account.

## **3. BAD DEBTS PROVISIONS – RENT ARREARS**

The bad debts provision is £0.959m at 31<sup>st</sup> March 2009 (£0.868m at 31<sup>st</sup> March 2008).

## **4. PENSION COSTS/FRS17**

The Housing Revenue Account has not been prepared in accordance with FRS17 because as a separate statutory revenue account with prescribed debits and credits, it would be inconsistent with legislative requirement to show items not particularly specified as statutory debits and credits. Actual employers contributions only are recorded, with the HRA portion of current service cost being charged to Council Fund Housing.

## 5. SUMMARY OF TOTAL CAPITAL EXPENDITURE AND FINANCING

During 2008/09, £7.947m of Capital Expenditure was incurred for HRA purposes and was financed from:

Source of Finance	£m
Reserves	1.506
Usable Capital Receipts	0.241
Major Repairs Allowance Grant	6.200

## 6. SUMMARY OF TOTAL CAPITAL RECEIPTS

During 2008/09, £0.883m of capital receipts were received in relation to HRA Assets:

	£m
Sale of Council Houses	0.883
Sale of Land	-
Other sales	-

## 7. RENT ARREARS

At 31<sup>st</sup> March 2009, gross rent arrears as a proportion of gross rent income was 4.80% (4.53% at 31/3/08).

Arrears as at 31<sup>st</sup> March 2009 are £1,197,000 (£1,104,000 at 31/3/08).

Amounts written off in the year amounted to £7,200 (£8,100 in 2007/08).

## 8. HOUSING STOCK

The Authority was responsible for managing 9,278 dwellings during 2008/09. The stock was made up as follows:

1 Bedroom Dwellings	1,016
2 Bedroom Dwellings	3,049
3 Bedroom Dwellings	4,703
4 Bedroom Dwellings	58
Sheltered Homes	452
<b>Stock as at 31<sup>st</sup> March 2009</b>	<b>9,278</b>

## 9. FURTHER INFORMATION

Under the Local Government Act 2003, the Authority is required to publish information for tenants including performance indicators on the housing service. This "Tenants Report" is available from the Housing Directorate at the Civic Centre, Port Talbot.

# STATEMENT ON THE SYSTEM OF INTERNAL CONTROL

## 1. Scope of Responsibility

Neath Port Talbot County Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The 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, the 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 Neath Port Talbot County Borough Council for the year ended 31<sup>st</sup> March 2009 and up to the date of approval of the annual report and accounts.

## 3. The Internal Control Environment

The key elements of the Council's internal control environment involve the following arrangements:

### Establishing and monitoring the achievement of the Council's objectives

- The Council, with its partners from the public, business and voluntary sectors, has developed a Community Plan which sets out a shared vision for Neath Port Talbot for a ten year period up to 2015. The Plan includes objectives and targets to be achieved by 2009. Progress in implementing the Plan and monitoring performance against the targets is monitored on by the Neath Port Talbot Local Service Board and reported to all partners (over 150 organisations) at the Annual Community Plan Seminar held on 3<sup>rd</sup> October 2008.
- The Council also produces an Annual improvement plan which sets out the Council's aims and objectives and its contribution to the Community Plan. Regular progress reports on the implementation of the Plan are submitted to Cabinet Boards and Scrutiny Committees.
- The Council has a Citizens Panel of approx 1,200 residents of the County Borough who provide their views and opinions on a wide range of issues on a regular basis.

- Each service of the Council produces an annual business plan with associated targets and performance measures. These plans are “signed off” by the relevant Cabinet Member and many of them are monitored by Cabinet Boards and Scrutiny Committees.
- The Council has adopted a risk management strategy part of which is a risk assessment tool that is completed as part of the business planning process. The risks identified, which can include the risk of failing to improve, are then included in business plans or the Council’s improvement programme, together with details of mitigation arrangements. A corporate risk register is also maintained. The Council has included within its 2009/10 Improvement Programme further work to embed Risk Management within all of its processes.

#### The facilitation of policy and decision making

- The Council has agreed a constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable.
- The full Council, comprising of all 64 Members, has the final responsibility for determining key policies and the annual Budget/Council Tax, on receipt of proposals from the Executive.
- The Executive is the part of the Council which is responsible for taking most decisions. The Executive has to make decisions which are in line with the Council’s Policy and Budget framework. That Framework is recommended by the Executive to full Council. If the Executive wishes to make a decision which is outside the Policy or Budget framework, this must be subject to the agreement of the full Council.
- The Constitution sets out a scheme of decision-taking delegation to Officers, whether in respect of executive functions or “non-executive” functions (usually of a regulatory nature).
- The Council has a Senior Officer Management Team comprising the Chief Executive and the four Corporate Directors. All strategic/corporate issues are co-ordinated through this Group, with recommendations then to the Executive.
- The Council has in place a Forward Financial Plan which incorporates the budget setting and budget monitoring processes for the Authority’s revenue and capital plans.

#### Ensuring compliance with established policies, procedures, laws and regulations:

- The Council has adopted a code of corporate governance. Adherence to the code is monitored on an annual basis via the Council’s Internal Audit Work Programme.
- The roles of the Chief Financial Officer and the Monitoring Officer are clearly defined.
- The Council Maintains an Internal Audit service which works in compliance with the CIPFA Code of Practice for Internal Audit in Local Government.
- The Council has a sound working relationship with its external auditors.
- Functions which are not the responsibility of the Executive are classed as “non-executive” and have their own Committees such as Planning and Licensing. There are also other Committees appointed by the Council i.e. Personnel Committee, Audit Committee, Appeals Committee and Standards Committee.
- The Council continues to develop its risk management policy and procedures in line with best practice.



- Apart from the Council having the final responsibility for determining the Policy and Budget framework, and in respect of certain other reserved issues, all other functions are delegated for decision purposes under the Constitution, to the Executive, or to Regulatory/Other Committees, or to Officers. All such decisions are open to inspection.

The economical, effective and efficient use of resources and securing continuous improvement as required by the best value duty

- Reviews of Council services are carried out and supported by external auditors, external inspection teams, Internal Audit and individual managers who are responsible for service delivery. During 2008 the Authority established a Change Management and Innovation Unit that co-ordinates, supports and encourages service improvements and better use of resources.
- Wales Programme for Improvement and risk assessment processes identify and incorporate key improvement priorities across all service areas.
- The work of the Internal Audit section is based upon a risk based five year strategic audit plan that covers all areas of the Council's operations and reports on the economical, effective and efficient use of resources.

The financial management of the Authority and the reporting of financial management:

- The financial management arrangements of the Council are set out in the constitution and financial regulations
- The Director of Finance and Corporate Services is the designated s151 officer
- Arrangements for setting and monitoring the budget are well established at officer and member level.
- Regular financial monitoring reports are submitted to each Cabinet Board and to their relevant Scrutiny Committee.

The performance management of the authority and the reporting of performance management:

- Performance management arrangements are embedded in the Council's business planning processes whereby each service sets annual targets against a range of performance indicators. Performance is monitored regularly by service managers, senior management, Cabinet Boards and Scrutiny Committees. The 2009/10 Improvement Programme incorporates further work to be carried out by the Council to improve the use of data in decision making in business planning and the overall operation of the Council.

#### **4. Review of Effectiveness**

Neath Port Talbot County Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. This review is informed by the work of the internal auditors and also, the senior managers within the Authority who have responsibility for the development and maintenance of the internal control environment. The review is further informed by comments made by the external auditors and other review agencies and inspectorates.

The following elements constitute the basis of the annual review of the effectiveness of the system of internal control:

### The Constitution

The Constitution itself provides that the Chief Executive and the Head of Legal and Democratic Services and Monitoring Officer are required to monitor and review the operation of the Constitution, and to report to Council at least annually on any proposed changes.

### Internal Audit

The fundamental role of Internal Audit is to undertake risk based reviews of the Council's systems of internal and financial control; these include an annual review of the operation of the Authority's Code of Corporate Governance. The Internal Audit Service is accountable to the Council's Audit Committee which meets quarterly and has a detailed work programme for the year ahead. The performance of the Internal Audit section in carrying out this role is reviewed and reported upon by the Authority's external auditors. Internal Audit provides an annual report to the Audit Committee on the effectiveness of internal control arrangements.

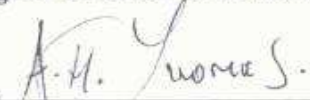
In addition to Internal and External Audit Reviews, the services of the Authority are subject to other external scrutiny arrangements. These include support and challenge from the Wales Audit Office in conducting internal service reviews/improvements and inspections from a range of inspection agencies, such as Estyn and CSSIW.

### Significant Internal Control Issues


There have been no significant breaches of internal control during the year. However, the following have been identified in the Authority's Improvement Plan as high risk areas and were actively managed during the financial year:

- Financial position arising from Welsh Assembly Funding levels, grant funding, LSB funding for Continuing Health Care, the cost of achieving equal pay, a slowdown in the economy and the need to achieve budgetary savings.
- Management of change including people management issues, the impact of job evaluation and other service improvements.
- The legal and financial issues regarding the waste disposal arrangements.
- Improving the management of the Authority's assets.
- Develop and align an ICT strategy with Change Management strategy.
- Implementing a new financial information system.
- Meeting the requirements of the Welsh Housing Quality Standard. The Council is preparing to ballot its tenants on stock transfer during 2009/10.
- Work is being progressed during 2009/10 to improve Risk & Performance Management.

Signed on behalf of the Authority:

  
\_\_\_\_\_  
Councillor A.H. Thomas  
Leader of Council

Date: 17<sup>th</sup> September 2009

  
\_\_\_\_\_  
Mr K. Sawyers  
Chief Executive

Date: 17<sup>th</sup> September 2009

**INDEPENDENT AUDITORS REPORT TO**  
**NEATH PORT TALBOT COUNTY BOROUGH COUNCIL**

**Independent auditor's report to the Members of Neath Port Talbot County Borough Council**

I have audited the accounting statements and related notes of Neath Port Talbot County Borough Council for the year ended 31 March 2009 under the Public Audit (Wales) Act 2004. Neath Port Talbot County Borough Council's accounting statements comprise the Income and Expenditure Account, Statement of Movement on Council Fund Balance, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement, Housing Revenue Account Income and Expenditure Account and Statement of Movement on Housing Revenue Account Balance. The accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to Neath Port Talbot County Borough Council) in accordance with Part 2 of the Public Audit (Wales) Act 2004 and for no other purpose, as set out in paragraph 46 of the Statement of the responsibilities of the auditors appointed by the Auditor General for Wales and his inspectors, and of the bodies that they audit and inspect (2008) prepared by the Auditor General for Wales.

**Respective responsibilities of the responsible financial officer and the independent auditor**

The responsible financial officer's responsibilities for preparing the statement of accounts, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008- a Statement of Recommended Practice are set out in the Statement of Responsibilities for the Statement of Accounts.

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

I report to you my opinion as to whether the accounting statements and related notes present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008- a Statement of Recommended Practice, the financial position of the local government body and its income and expenditure for the year

I review whether the Statement on Internal Control reflects compliance with 'The statement on internal control in local government: meeting the requirements of the Accounts and Audit Regulations 2003' published by CIPFA in April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit. I am not required to consider, nor have I considered, whether the Statement on Internal Control covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the local government body's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, and related notes and consider whether it is consistent with the audited accounting statements and related notes.

This other information comprises only the Explanatory Foreword I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements and related notes. My responsibilities do not extend to any other information.

### **Basis of audit opinion**

I conducted my audit in accordance with the Public Audit (Wales) Act 2004 , the Code of Audit and Inspection Practice issued by the Auditor General for Wales, and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the local government body in the preparation of the accounting statements and of whether the accounting policies are appropriate to the local government body'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 accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounting statements and related notes.

### **Opinion on the accounting statements of Neath Port Talbot County Borough Council**


In my opinion the accounting statements and related notes present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008- a Statement of Recommended Practice, the financial position of Neath Port Talbot County Borough Council as at 31 March 2009 and its income and expenditure for the year then ended.

### **Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources**

My conclusion on Neath Port Talbot County Borough Council's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2009 will be reported separately in the published Relationship Manager's Annual Letter.

### **Certificate of completion**

I certify that I have completed the audit of the accounts of Neath Port Talbot County Borough Council in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit and Inspection Practice issued by the Auditor General for Wales.

  
Anthony Barrett  
Appointed Auditor  
Wales Audit Office  
24 Cathedral Road  
Cardiff  
Date: 29 September 2009.

## **Electronic Publication**

The maintenance and integrity of the Neath Port Talbot County Borough Council web site is the responsibility of the Intranet Administrator; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **GLOSSARY OF TERMS**

The Statement of Accounts contains a number of technical terms which will not be familiar to the lay person. To assist the reader of the accounts, a number of these terms have been explained using non technical jargon.

<b><i>Actuary</i></b>	An actuary is a qualified person who works out insurance and pension fund valuations, taking into account relevant factors such as trends in insurance claims and life expectancy.
<b><i>Authority</i></b>	Neath Port Talbot County Borough Council
<b><i>Balance Sheet</i></b>	A statement listing all assets and liabilities of the Authority at the 31 <sup>st</sup> March.
<b><i>Borrowing</i></b>	Can be short (less than 1 year to maturity) or long (more than 1 year to maturity) term and representing monies loaned to the Authority by third parties.
<b><i>Budget</i></b>	A budget is the spending plan for the financial year in question i.e. 2008/09.
<b><i>Capital Adjustment Account</i></b>	An account that wholly relates to capital and fixed asset transactions. This includes the application of capital monies e.g. capital grants to finance the capital schemes of the Authority and to manage the disposal of fixed assets.
<b><i>Capital Expenditure</i></b>	Representing expenditure on fixed assets which will be used by the Authority over many years to provide services e.g. buildings.
<b><i>Capital Receipts</i></b>	Are proceeds from the sale of fixed assets e.g. land or buildings.
<b><i>Cashflow Statement</i></b>	A statement that records all movements in cash during the year for both revenue activities and capital activities.
<b><i>Contingent Asset</i></b>	This is a possible asset that arises from past events but whose existence will only be confirmed after an uncertain future event e.g. the outcome of a court case.
<b><i>Contingent Liability</i></b>	This is used to record a possible financial cost of a past event but which will only be confirmed by the occurrence of one or more uncertain future events e.g. the outcome of a legal case. Unlike a provision, no amounts are set aside in the accounts, only a note explaining the relevant facts.
<b><i>Creditor</i></b>	Someone who is owed money for goods or services provided to the Authority.
<b><i>Current Assets</i></b>	Assets that are short term and are considered to be liquid by nature i.e. cash, stocks, debtors.

<b><i>Current Liabilities</i></b>	Liabilities that are short term (less than one year).
<b><i>Debtor</i></b>	Someone who owes money for goods or services provided by the Authority.
<b><i>Deferred Charges</i></b>	This represents expenditure which does not result in, or remain matched with, assets controlled by the Authority.
<b><i>Depreciation</i></b>	Representing the theoretical reduction in value of assets due to their wear and tear in providing services to the Authority.
<b><i>Direct Revenue Financing</i></b>	A contribution made from the revenue accounts during the financial year to help pay for capital projects.
<b><i>Financial Instruments</i></b>	A collective name for investments, trade debtors and borrowings.
<b><i>Financial Year</i></b>	This is the accounting period, starting on 1 <sup>st</sup> April and finishing on 31 <sup>st</sup> March in the following year. For 2008/09, it runs from 1/4/08 to 31/3/09.
<b><i>Finance Leases</i></b>	A method whereby capital assets are financed over a number of years by means of annual payments to a leasing company. The ownership of the asset by Neath Port Talbot CBC is deemed to have taken place at the start of the lease arrangement.
<b><i>Financial Instruments Adjustment Account</i></b>	An account which is used to manage the loan interest charged to the Council Fund in accordance with financial reporting standards 25, 26 & 29.
<b><i>Fixed Assets</i></b>	These are long term assets which are used for more than 1 year.
<b><i>Fixed Assets: Non Added Value</i></b>	This is where capital expenditure on an asset does not alter the book value of the asset e.g. window replacement.
<b><i>Government Grants</i></b>	Assistance by Government and inter-government agencies and similar bodies, whether local, national or international usually in the form of cash.
<b><i>Government Grants Deferred</i></b>	These are grants received from Government or other bodies towards the cost of a capital scheme or asset. When depreciation on this scheme or asset is then charged to a revenue account, the grant is released to the revenue account to offset the depreciation charged.
<b><i>Housing Revenue Account Income and Expenditure Account</i></b>	This account contains all expenditure and income in relation to the Authority's Council Dwellings including Council Houses.
<b><i>Impairment</i></b>	This happens when fixed asset values change significantly due to changes in circumstances. It can occur if there is a significant change in a fixed asset's market value or significant physical damage e.g. fire. The cost of impairment is charged to the revenue account in the year it occurs.

<b><i>Income and Expenditure Account</i></b>	This account records day to day spending and income e.g. salaries, wages, running costs etc on all revenue services of the Authority.
<b><i>Investments</i></b>	Can be short (less than 1 year to maturity) or long (more than 1 year to maturity) term and representing surplus funds of the Authority invested with third parties.
<b><i>Minimum Revenue Provision (MRP)</i></b>	A minimum annual charge that has to be made to the revenue accounts to systematically reduce the principal element of loans which have been raised and used to pay for capital schemes.
<b><i>National Non Domestic Rates (NNDR)</i></b>	Also known as the Business Rate, it is the charge occupiers of business premises pay to finance part of the Authority's revenue spending. The charge is based on the rateable value of the business premises.
<b><i>Operating Leases</i></b>	A method of paying for the use of capital assets e.g. vehicles by means of annual payments to a leasing company over a number of years. The leasing company retains ownership of the asset during and at the end of the lease agreement.
<b><i>Precepts</i></b>	Precepts are levied on the Authority by non-billing organisations e.g. police, community councils to enable them to cover their costs in the performance of their services or duties.
<b><i>Pension Liability (FRS17)</i></b>	This represents the indebtedness of the Authority in relation to the retirement benefits due to its employees, after allowing for the Authority's share of investments in the Pension Fund.
<b><i>Pension Reserve (FRS17)</i></b>	This reserve matches the pension liability and is charged with the gain or loss which arises when the pension fund Actuary revalues the assets and liabilities within the pension fund each year.  It also ensures that the charge made to the Income and Expenditure Account under FRS17 is replaced with the pension cost required to be made for Council Tax purposes.
<b><i>Provision</i></b>	Is an amount set aside in the accounts for a past event which is likely to incur a financial cost some time in the future.
<b><i>Public Works Loans Board (PWLB)</i></b>	This is a Government Agency which provides longer term loans to local authorities at preferential rates of interest.
<b><i>Related Party Transactions</i></b>	These are disclosed to highlight any relationships that may exist between the Authority and third parties which may materially affect or influence the way the Authority or third parties are able to operate.
<b><i>Reserves</i></b>	These are sums set aside to meet future expenditure. They may be earmarked to fund specific expenditure or be held as general reserves to fund non specific future expenditure.
<b><i>Revaluation Reserve</i></b>	This reserve is used to record gains in fixed asset values as a result of formal revaluations.



<b><i>Revenue Support Grant</i></b>	This is the principal source of finance from Central Government towards revenue expenditure incurred for non Council housing purposes.
<b><i>Stocks</i></b>	These are raw materials that are used in carrying out services e.g. bricks, nails etc. The value of these items which have not been used at 31 <sup>st</sup> March are shown as current assets in the balance sheet.
<b><i>Trust Funds</i></b>	These are monies not belonging to the Authority that are administered by the Authority on behalf of third party individuals or organisations.
<b><i>Wales Audit Office</i></b>	A body that independently examines the activities of the Authority.
<b><i>Work in Progress</i></b>	This represents the value of work done on unfinished projects at the date of the balance sheet (31 <sup>st</sup> March).