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EXPLANATORY FOREWORD

Introduction

Gwynedd Council's accounts for the year 2006/07 are set out on pages 21 to 72. They consist of:-

- **Income and Expenditure Account** - This is the Council's main revenue account, covering income and expenditure on all services together with details of how those services are financed.
- **Statement of the Movement on the General Fund Balance** - This provides a reconciliation between the Income and Expenditure Account and the accounting entries required by statute.
- **Statement of Total Recognised Gains and Losses** – This enables Authorities to recognise gains and losses in the Balance Sheet that are not debited or credited to the Income and Expenditure Account.
- **The Balance Sheet** - which sets out the financial position of the Council on 31 March 2007.
- **The Cash Flow Statement** - this statement summarises the flow of cash to and from the Council during 2006/07 for revenue and capital purposes.
- **The Housing Revenue Account** - which gives details of income and expenditure on Council housing.
- **The Welsh Church Fund and FMG Morgan Trust Funds.**
- **The Gwynedd Pension Fund Accounts and Balance Sheet.**

These accounts are supported by the Statement of Accounting Policies, which follows this Foreword and various notes to the accounts.

As a result of significant changes in the Statement of Recommended Practice for 2006/07, it follows that the corresponding position included for 2005/06 had to be restated in accordance with the new requirements.

Group Accounts have been prepared in the past which consolidated 50% of Cwmni Gwastraff Môn Arfon's financial position, to the Council's financial position, as if it were a subsidiary company. Under the applied interpretation given to the related requirements, it is not considered necessary to produce Group Accounts. Details of the company can be found in Note 44 'Interest in Companies'.

REVENUE EXPENDITURE IN 2006/07

The Income and Expenditure Account (page 21) shows that the Council's gross revenue expenditure on its own services was £298m, but taking income received towards services and other various items into account, the net cost of the Council's operations during 2006/07 was £199m. Of this £78m (39%) was spent on Education, £46m (23%) on Social Services, £15m (8%) on Highways and Transportation, £15m (8%) on Environmental Services and £10m (5%) on Culture and Associated Services.

Gwynedd's income to finance this expenditure came from the and Income from the Council Tax (£40.88m - 21%), a share of National Non-Domestic Rates (£26.56m - 14%), Revenue Support Grant (£126.36m - 65%).

A comparison of budgeted income and expenditure with the actuals for 2006/07 is as follows-

	Estimate £'m	Actual £'m
Net Expenditure on Operations	192.87	199.58
Transferred to Balances	0.60	1.68
Other Net Movements	0.00	(7.46)
Surplus / (Deficit) for the year	<u>0.60</u>	<u>(5.78)</u>
Balance to be met from Grants & Local Taxation	193.47	193.80
Financed by -		
Council Tax Income	(40.55)	(40.88)
Share of National Non-Domestic Rates	(26.56)	(26.56)
Revenue Support Grant	(126.36)	(126.36)
	<u>0.00</u>	<u>0.00</u>

This position is after allowing for sums which Services will carry forward from 2006/07 to use in 2007/08.

CAPITAL EXPENDITURE IN 2006/07

Capital expenditure for 2006/07 amounted to £39.1m. The following table gives an analysis of this expenditure and the way it was financed.

SUMMARY OF CAPITAL EXPENDITURE AND FINANCING		
2005/06		2006/07
£'000		£'000
	Development Directorate	
4,068	Schools	5,018
1,452	Lifelong Learning	1,187
2,257	Economy and Regeneration	3,467
	Environment Directorate	
14,369	Planning and Transportation	8,836
2,714	Highways and Municipal	6,692
241	Consultancy	83
	Care Directorate	
7,618	Housing Revenue Account	5,646
6,055	Housing	4,442
155	Social Services	166
215	Provider Services	642
	Resources Directorate	
473	Central Services	321
131	Corporate	42
49	Administration and Public Protection	8
3,604	Customer Care Support	2,508
	Chief Executive	
0	Chief Executive	2
43,401		39,060
FINANCED BY -		
7,607	Borrowing	9,820
29,367	Grants and Contributions	20,304
3,599	Capital Receipts	2,765
2,828	Revenue and Other Funds	6,171
43,401		39,060

The Council's Loan Debt at 31 March 2007 was £149.8m – a reduction of £1.3m (from £151.1m) during the year. The reduction in external borrowing was due to scheduled loan repayments.

PROVISIONS AND RESERVES

In addition to General Balances of £8.2m the Council had other provisions of £10.2m and specific reserves of £38.7m totalling £48.9m. These are detailed in the Balance Sheet, in Note 27 and Note 42.

GWYNEDD PENSION FUND

The Gwynedd Pension Fund Accounts (pages 59 to 67) show an increase during the year of £70.6m in the market value of the net assets of the Fund, to £812.2m. The Book Value of the net assets at 31st March 2007 was £662.2m (2006: £606.2m).

ACCOUNTING POLICIES

The accounting policies adopted by the Council comply with all relevant recommended accounting practices and are fully explained in the notes to the accounts set out from page 17 onwards.

FURTHER INFORMATION

Further information relating to the accounts is available from:

William E Jones
Senior Finance Manager
01286 679406

Or

Ffion Madog Evans
Finance Manager - Resources and Corporate
01286 679133

Finance Service
Resources Directorate
Gwynedd Council
Council Offices
Caernarfon
Gwynedd
LL55 1SH

This is part of the Council's policy of providing full information relating to the Council's affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised in the local press at the appropriate time.

GWYNEDD COUNCIL

STATEMENT OF ACCOUNTS

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

Gwynedd Council 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 Gwynedd Council, that officer is the Head of Finance. It is also the Authority's responsibility to manage its affairs to secure economic, efficient and effective use of its resources to safeguard its assets, and to approve the Statement of Accounts.

The Head of Finance's Responsibilities

The Head of Finance is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* ("the Code of Practice").

In preparing the statement of accounts, the Head of Finance has selected suitable accounting policies and then applied them consistently; has made judgements and estimates that were reasonable and prudent and complied with the Code of Practice.

The Head of Finance has also kept proper accounting records which were up to date and has taken reasonable steps for the prevention and detection of fraud and other irregularities.

RESPONSIBLE FINANCIAL OFFICER'S CERTIFICATE

I certify that the Statement of Accounts has been prepared in accordance with the above statement, and presents fairly the financial position of Gwynedd Council at 31st March 2007 and its income and expenditure for the year then ended.

24 September, 2007

DAFYDD L. EDWARDS B.A., C.P.F.A., I.R.R.V.
HEAD OF FINANCE, GWYNEDD COUNCIL

STATEMENT ON INTERNAL CONTROL

Part 1: SCOPE OF RESPONSIBILITY

Gwynedd 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. Gwynedd 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, Gwynedd Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of Gwynedd Council's functions and which includes arrangements for the management of risk.

Part 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 Gwynedd Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and to minimise the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control described above has been in place at Gwynedd Council for the year ended 31 March 2007 and up to the date of approval of the statement of accounts.

Part 3: THE INTERNAL CONTROL ENVIRONMENT

The key elements of Gwynedd Council's internal control environment are as follows:

Identification of statutory obligations

- The Council has adopted a management structure that includes a Chief Executive (who is also the Head of Paid Service) and four Strategic Directors. Together, they form the Council's Corporate Management Team.
- The Council has nominated the Head of Administration and Public Protection as the Monitoring Officer pursuant to Section 5 of the Local Government and Housing Act 1989, and the Head of Finance as the Chief Financial Officer pursuant to Section 151 of the Local Government Act 1972. The Council's Constitution contains protocols for the discharge of the functions of the Monitoring Officer and Chief Financial Officer.
- The Constitution contains details of the schemes for delegating power to committees, members and officers together with a distribution of functions that are not the responsibility of the Council Board.

- The Council's internal and external auditors are expected to report to relevant officers on any failure to comply with either policy or legislation, and to report to the Audit Committee in accordance with its Terms of Reference. Strategic Directors and Heads of Service receive a copy of every relevant internal audit report, and the result of follow-up work on recommendations is reported to the Audit Committee with a view to maximising the impact of audit work.

Establishing Corporate Objectives

- 'Gwynedd Together' – a strategic partnership of key agencies across the County – have developed the Gwynedd Community Strategy. The overall vision outlined in this strategy is “to work together to improve the quality of life for all in Gwynedd - to maintain and support sustainable, prosperous and vibrant communities”. The Community Strategy's six themes are:
 1. Promote lifelong learning;
 2. Improving health, well-being and care;
 3. Promote a flourishing economy;
 4. Enhancing and protect the environment;
 5. Encouraging safe, vibrant communities;
 6. Supporting inclusive, bilingual and dynamic communities.
- The Council has six objectives which have been established as a statement of commitment in supporting the six themes within the Community Strategy. These objectives support the Council's aim, which is to “Improve Gwynedd”.
- As part of the Wales Programme for Improvement, the Council prepares an annual Improvement Plan. The Improvement Plan outlines the Council's main objective for the following year, including the way in which the Council will respond to the main priorities. The plan is an important link between the Community Strategy and the Council's business plans on various levels, from Directorate Plans to its Service Business Plans and its indicators and plans for improvements at business unit levels.
- In terms of longer term planning, the Council led on "Gwynedd Tomorrow", the Gwynedd Together project which considered the drivers that will impact on the county over the next 10-15 years. As a result, the Council and its partners have agreed a preferred vision Gwynedd 2021 and fields for strategic intervention - Economy and Skills, Innovative Services, Climate Change, Environmental Assets, Demographic Change and Society, Language and Culture.
- The Council itself is also seeking to further clarify its priorities doing so over an extended planning horizon by developing a Three Year Strategic Plan which will give direction to the key Council priorities between 2008/09 and 2010/11.

Performance Management Arrangements

- The Performance and Projects Unit is located within the Chief Executive's Department. The Unit's mission statement is "to develop, establish and support a culture and robust systems for performance and project management in order to support the principle of continuous improvement and making the best use of resources".
- The business planning process starts with a self-assessment by every business unit within the authority to identify its performance risks. As part of this process, it is required of all units to consider performance compared with previous years, as well as performance compared with other local authorities (where such information is available).
- Local performance indicators are developed as a result of this self-assessment. Each indicator is shown as being a key indicator either at Unit, Service or Directorate level. The Corporate Improvement Plan lists the Directorate level indicators, which are the Council's main key corporate indicators.
- Once business unit indicators have been determined and targets set, the indicators are the subject of challenge by each directorate's Policy and Performance Unit, the corporate Performance and Projects Unit, Strategic Directors and elected members. Part of this challenge process is to recognise action processes for each area of low performance, and challenge targets that appear to be unduly low when compared with previous years' performance.
- The performance management arrangements within the authority are subject to continuous review, in order to identify possible improvements. During 2006 a Performance Management Process Review Group was set up in order to refine arrangements, and the performance reporting system is the subject of constant review in order to address user needs.

Risk Management

- The Council has identified the need to develop a formal risk management procedure as one of its main priorities.
- The Audit and Risk Unit within the Finance Service has developed a Risk Management Policy and Strategy for the whole authority. The policy and strategy have already been approved by the Corporate Management Team, with the objective of ensuring that the management of risks has been formally embedded in all aspects of the Authority's work. Following the pilot session during the summer of 2006, the new arrangements will be introduced as part of the Council's business planning process across the Council in 2007.
- Managers are expected to manage the risks that are relevant to their area of work. This has been incorporated into the Risk Management Strategy. It is expected that job descriptions contain specific reference to certain risks, in particular to those in the areas of Health and Safety and Equality.
- The 2005-08 Internal Audit Strategy sets out clearly the intention to provide a service which undertakes risk based audits, and the reliance placed on the corporate risk management arrangements when planning Internal Audit work.
- The possibility of failing to influence the issues and bodies that drive changes within the county is a matter of high risk. The Council with its partners have therefore developed a Partnership

Assessment Framework that offers a simple, quick and cost-effective method for assessing partnership working. It allows a swift appraisal in order to recognise areas of difficulties. Also, guidelines have been produced on the partnership between the Council and its Partners, in order to ensure effective communication, influence and joint-planning.

Identification of the principal controls to manage key risks

- Under the Wales Programme for Improvement, the Council and the Wales Audit Office (WAO) are responsible for preparing an annual Joint Risk Assessment. A “Risk Assessment Template” (RAT) document is prepared to record the risks as being low, medium or high. The Risk Assessment is agreed jointly on the basis of the RAT.
- The Financial Procedure Rules form part of Gwynedd Council’s constitution and sets out a framework for managing the Council’s financial affairs.
- The Council has adopted a Whistle blowing Policy and Arrangements, a scheme which gives staff a safe and reliable method for reporting honestly any concerns regarding illegal, fraudulent or corrupt behaviour, financial malpractice, endangering the public or the environment, abuse of clients, etc.
- The Council has adopted “The Code of Conduct (Qualifying Local Government Employees) (Wales) Order 2001” as its code of conduct for all staff.
- The Council has adopted a Code of Conduct for elected members that includes:
 - ❑ Details of general provisions;
 - ❑ Promotion of equality and respect for others;
 - ❑ Accountability and openness;
 - ❑ Duty to uphold the law;
 - ❑ Selflessness and stewardship;
 - ❑ Objectivity and propriety; and
 - ❑ Integrity,together with the duty to disclose and register interests.
- The Internal Audit service is provided in accordance with CIPFA’s Code of Practice for Internal Audit in Local Government in the United Kingdom. The Code states that Internal Audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation’s objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. A 3-year Audit Strategy was adopted in June 2005, with an annual audit plan prepared on the basis of this strategy.
- Gwynedd Council has prepared a Corporate Health, Safety and Welfare Policy in accordance with the Health and Safety in the Workplace Act 1974. The policy states that the Council recognises and accepts, as far as is reasonably practicable, its duties as an employer towards its workers and others that may be affected by its activities. The aim of Gwynedd Council is to attain the highest standard in managing health, safety and welfare.

Obtaining assurance on the effectiveness of key controls

- In accordance with the requirements of the CIPFA Code of Practice, the Internal Audit Manager prepares an annual report that summarises the results of internal audit work during the year on the overall system of internal control within the authority.
- The Performance and Projects Unit present directorate performance monitoring reports to the relevant scrutiny committees, in order to report on the results of key indicators and main improvement matters. Lower level indicators and improvement matters are monitored by officers and Portfolio Leaders in accordance with the Council's quarterly corporate monitoring arrangements.

Part 4: EFFECTIVENESS OF THE INTERNAL CONTROL ENVIRONMENT

Gwynedd Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the authority, who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

The review described herein was undertaken by reviewing the findings of the Council's internal and external auditors and through discussions with key officers within the authority. The process that has been applied to maintain and review the effectiveness of the system of internal control includes:

- No reports have been presented to the Council, the Council Board, the Human Resources Committee, the Pensions Committee nor, in the case of individual properties, to the Area Committees nor to individual members without having first been presented to the three statutory officers for comment on any matter regarding policy, legality, propriety and financial obligations of any recommendations.
- There are regular meetings of the Audit Committee. The Committee closely supervises Internal Audit's completion of the audit plan and its success in conducting follow-up audits in areas where internal control failings have been identified. The Committee calls managers and Heads of Service to account where there has been a failure to implement expected improvements to internal controls.
- Since 2005/06 there have been changes to the budgeting arrangements to ensure that budgetary allocation reflects the "business" needs of the Council, and to ensure it is clear that ownership of budgets rests with managers. This process is an intrinsic part of the business planning process.
- The Council continues to develop its Communications Strategy. Various meetings are also conducted by Management Teams at several levels in all Directorates in order to ensure that the authority's objectives are communicated to staff through appropriate channels.
- The Wales Audit Office reported that most of the Council services continue to perform well in 2005/06, with 70 percentage of the National Strategy Indicators and 50 percentage of Core Set Indicators among the highest within the Welsh authorities. However, some differences occur between and within directorates.

- The process for challenging the results of performance management are clearly-defined and have been implemented across the authority, based on directives issued by the Performance and Projects Unit.
- A series of meetings between the Council's managers, the Corporate Management Team and elected members produces an annual identification of the main issues that are facing the Directorates which are incorporated in the 3 year strategy plan.
- The Procedure Rules are regularly reviewed. The full Council adopted the amended Financial Procedure Rules during 2005, as well as amendments to the Contracts Procedure Rules in January 2007.
- The Wales Audit Office undertake an annual review of the Council's Internal Audit service. In its latest review the external auditors concluded that overall, Internal Audit complied with the requirements of the standards within the Code of Practice for Internal Audit.
- In his annual report, presented to the Audit Committee in June 2007, the Audit and Risk Manager reported that Gwynedd Council, in his opinion, has a sound framework of control to provide reasonable assurance regarding the effective and efficient achievement of the Council's objectives, as the steps taken by the Council during the 2006/07 financial year to establish and strengthen internal controls and to ensure that recommendations to remedy weaknesses identified by the Internal Audit service have, overall, been satisfactory.

We have been advised on the implications of the result of the review of the effectiveness of the system of internal control, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Part 5: SIGNIFICANT INTERNAL CONTROL ISSUES

The processes outlined in previous sections of this statement describe the methods used by the Council to identify the most significant issues of internal control that need to be addressed.

The main issues noted in the Directorates plan and identified in the 3 year strategic planning include the following:

No.	ISSUE	ACTION(S)
1	Skills Development and the Post-16 Agenda	<p>Adopt and implement a Skills Strategy relevant to the area, and concentrating on the growth sectors.</p> <p>Develop further the Geographical Pathfinder Scheme, giving detailed consideration to the options and researching those options which offer the most opportunities for Arfon's young people.</p> <p>Research the feasibility and viability of developing vocational centres to meet the vocational skills needs of young people in the Dwyfor and Meirionnydd area.</p> <p>Confirm the role of Hyfforddiant Gwynedd (Gwynedd Training) within the Skills Strategy, and act upon the findings of the Skills Field Improvement Task Group in relation to responding to the skills requirements of the future, training locations and the potential of property rationalisation.</p> <p>Rationalise the management structures in relation to the skills agenda, mapping out those various structures and their co-relation and develop clear links between the chief partnerships such as the 14-19 Learning Network, Gwynedd Economic Partnership and the Framework Partnership.</p>
2	Develop a Strategy and Strategic Schemes for the Economy of North-West Wales	<p>Lead the work of establishing a strategy for North-West Wales as a basis for economic programmes for the whole of Gwynedd as a county.</p> <p>Identify a series of strategic projects to respond to the needs and opportunities of all the areas of Gwynedd.</p> <p>Lead and work jointly with other Local Authorities to raise awareness, promote and respond to the rural agenda through Central Wales +, including responding to the challenges facing the traditional foundations of the rural economy and the issue of the additional cost of providing services in geographically dispersed areas.</p> <p>Lead on the Spatial Plan agenda in Gwynedd, sharing information and co-ordinating Gwynedd's response to the plan on behalf of Gwynedd Together.</p> <p>Put appropriate arrangements in place to ensure that Gwynedd takes full advantage of the Convergence Funding and other European programmes.</p> <p>Establish the new role of the Gwynedd Economic Partnership firmly and develop its work programme.</p> <p>Respond to the requirements of Gwynedd Tomorrow to lead the economic and skills agenda within the Gwynedd Community Strategy, establishing the project plan and developing a work programme.</p>
3	Re-Organisation of Primary Schools in Gwynedd	<p>Develop and monitor regularly a detailed project plan for implementing a School's Organisational Scheme for Gwynedd.</p> <p>The adoption of a clear management structure for the Schools Organisational Scheme.</p> <p>Having the new model for primary education within the county developed fully.</p>

No.	ISSUE	ACTION(S)
4	Promote the Well Being of Children and Young People	<p>Integrate the Children and Family Service into the structures and systems of the Development Directorate.</p> <p>Ensure that the National Service Framework for Children Young People and Maternity Services (NSF) has been firmly established and targets being reached.</p> <p>Prepare and publish, in partnership, a detailed and comprehensive assessment of the needs of the county's children and young people as a basis for the Children and Young People's Plan, the Council's work in the Children and Young People's field, and the work programme of the Children and Young People Scrutiny Committee.</p> <p>Respond to the issue of children's behaviour, and introduce the Webster Stratton scheme across the county.</p> <p>Ensure that the Council responds fully to the requirements of the Children's Act 2004 in relation to the preparation and publication of a Children's and Young People's Plan.</p> <p>Develop and support the work of the Gwynedd Children Local Protection Board in order to ensure that firm multi-agency arrangements are in place to protect the county's children and young people.</p> <p>Promote the rights of children and young people through preparing and publishing the Children and Young People's Charter of Rights for the Council.</p>
5	Pay Review Managing Resources / Value for Money	<p>Implement the Council's Pay Structure and resolve any contentious issues requiring attention.</p> <p>Savings regime.</p> <p>Prioritising activities.</p> <p>E-procurement strategy.</p> <p>Collaboration projects</p>
6	Release Staff Potential	<p>Implement the revised Appraisal Scheme.</p> <p>Continue to develop health, welfare and social promotion initiatives.</p> <p>Work - Life Balance – introduce a flexible working system (including working from home).</p> <p>Evaluate the situation regarding the percentage of disabled staff.</p> <p>Implement the Internal Communications system.</p> <p>Create a Human Resources Strategy.</p>

No.	ISSUE	ACTION(S)
7	Customer Care Programme	<p>Locate first services within the Contact Centre.</p> <p>Redesign Embankment Road and Penarlâg foyers.</p> <p>Establish plans for achieving first face-to-face contact in conjunction with other Services.</p> <p>Develop the Internet as a means of service delivery</p> <p>Implement the improvements developed for the Electronic Enquiries Service.</p> <p>Conduct an Information Survey.</p> <p>Prepare for an Electronic Document and Records Management System.</p> <p>Prepare for an Electronic Document and Records Management System.</p>
8	Implement the framework to regenerate Gwynedd's communities	<p>Ensure that the Model for the development of Area Plans is in place and adopted by the Council</p> <p>Undertake a review of how the Council operates within the most deprived communities, including Communities First, and identify the way ahead on how to inter-relate in future with these communities</p>
9	Older Persons Modernising Residential Care for Older Persons	<p>Further development of the Gwynedd Carers Strategy.</p> <p>Building For The Future – Residential Care Project for Gwynedd Older Persons.</p> <p>Responding to the requirements of the Social Care Standards Inspectorate within the Council Residential Care Homes.</p>
10	Improving Health Standards in Gwynedd	<p>The Health, Social Care And Wellbeing Strategy Action Plan for 2007/08.</p> <p>The Health Main-streaming Action Plan for 2007/08.</p>
11	Climate Change	<p>Extend the 'blue box' recycling service to include collecting plastic bottles.</p> <p>A service every other week to collect kitchen and garden refuse from the majority of domestic premises in the County.</p> <p>Work with the Assembly to raise awareness and the practice of composting home refuse.</p> <p>Implement the Closed Lid policy throughout the County</p> <p>Work with others to hold a review to discover the steps needed to be taken by the Council to reduce the effect of floods which will increase because climate change.</p> <p>Include 'Bio-diesel' in the fuel to be used by the majority of the Council's fleet.</p> <p>CO₂ emissions within the Council's operational buildings</p>

No.	ISSUE	ACTION(S)
12	A Quality Environment	<p>Introduce new arrangements for parking enforcement across the County.</p> <p>Community gangs working in towns and villages concentrating on improving the built environment.</p> <p>Improve enforcement arrangements in the field of 'Quality Environment' by taking advantage of the new powers to deal with litter dropping and disposing of waste illegally.</p> <p>A pilot scheme in the Penllyn and Bala area to consider ways to improve collaboration with community and town councils in the field of 'Quality Environment'.</p> <p>Improve collaboration with community and town councils throughout Gwynedd in the field of 'Quality Environment'.</p>
13	Housing Quality in the Private and Public Sectors	<p>Developing a new Housing Strategy.</p> <p>The Council Project to consult with tenants on reaching the Housing Quality Standard by 2012.</p>
14	Working Together To Deliver	<p>Establishing a Local Services Board.</p> <p>Developing the Quality of Partnerships</p> <p>Cross county Scrutiny Arrangements in the context of establishing a Local Services Board</p> <p>Spatial Aspect of the Community Strategy</p>

Part 6: OPINION

It is our opinion, based on the assurances provided above, that the Council's internal control environment accords with proper practice and we can take reasonable assurance that our developing arrangements are working effectively.

HARRY THOMAS
GWYNEDD COUNCIL CHIEF EXECUTIVE

Councillor RICHARD PARRY HUGHES
LEADER OF GWYNEDD COUNCIL

DATE

DATE

STATEMENT OF ACCOUNTING POLICIES

I. GENERAL

The accounts have been prepared in accordance with the latest Code of Practice on Local Authority Accounting in the UK, issued in June 2006 by the Chartered Institute of Public Finance and Accountancy (CIPFA) ("The Code") which includes the Best Value Accounting Code of Practice (BVACOP) and the Statement of Recommended Practice (SORP), and also with guidance notes issued by CIPFA on the application of accounting standards (FRS's).

In relation to a policy regarding capitalisation of expenditure, our practice is to operate on the basis of the nature of expenditure rather than a prescribed level of expenditure.

2. FIXED ASSETS

The Council's assets as recorded on the Property Services database are revalued at least every 5 years (with Council Dwellings being revalued annually). This is in accordance with the SORP and the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors. The last complete revaluation was effective from 1st April 2005.

In the intervening years, expenditure on the acquisition, creation or enhancement of new asset value are added, except for Land and Buildings, Community Assets and Investment Properties. These are included in the 5 year revaluation, unless circumstances exist whereby expenditure on individual assets is greater than £100,000, and consideration is then given whether to include them in the year the expenditure was incurred. This is done if it is considered that the expenditure in the year has materially affected the value of the asset

Operational assets are shown at Existing Use Value (EUV) or Depreciated Replacement Cost (DRC) for specialised properties.

Council Dwellings have been valued on the Existing Use Value for Social Housing basis (EUV-SH), in accordance with the requirements of the LG SORP. The methodology used by the Council to determine the EUV-SH requires the calculation of an adjustment factor which is applied to the vacant possession value of the property to reflect the fact that Council Dwellings have a 'social housing' sitting tenant. Adjustment factors for each region in England are contained in guidance issued by the Office of the Deputy Prime Minister in July 2005. The Welsh Assembly Government has not issued similar guidance. The Council's Valuer has therefore calculated an adjustment factor which was intended to reflect local market factors.

Non-operational assets are shown at the lower of net current replacement cost and net realisable value (normally Market Value).

Vehicles, Plant, Furniture and Equipment are shown at depreciated historical cost.

Infrastructure and community assets are shown at historical cost.

Assets in the course of construction are included at historical cost until such time as they are completed when they are valued in accordance with the accounting policies and transferred to the appropriate category of asset.

A de minimis limit for valuation purposes of £20,000 is used for the Council's operational Land and buildings and £5,000 for single items of Vehicles, Plant, Furniture and Equipment.

In order to comply with Financial Reporting Standard 11 (FRS 11 – Impairment of Fixed Assets and Goodwill), the Principal Estates Officer reviews the assets at the end of each year and revalues any one which has had its value affected by £100k and above.

3. DEFERRED CHARGES

Deferred charges are payments of a capital nature where no fixed asset is created but which give benefits to the local economy. They are valued at historical cost and are written down over a year.

4. BASIS OF CHARGES FOR CAPITAL

Financial Reporting Standard 11 states that assets must be reviewed each year in order to recognise any impairment or reduction in value due to the consumption of economic benefits. The main element of FRS 15 is that buildings must be depreciated if they are not valued each year. In addition, it is a requirement that the main elements of a single asset, which have different economic lives, must be depreciated separately.

Depreciation is charged on the balance sheet value of assets to write them off as follows:

- (i) Vehicles, Plant Furniture and Equipment are depreciated over their estimated useful life (3–10 years)
- (ii) Infrastructure is depreciated over 40 years
- (iii) Deferred Charges are written down in the period in which they arise
- (iv) Land is not depreciated
- (v) Buildings are depreciated over their estimated useful lives (various)

Historically notional interest on assets was in accordance with the requirements of the SORP. From 2006/07 onwards, the current SORP has now revoked the need to calculate notional interest.

The provisions of the Local Authority Capital Finance and Accounting Wales Regulations 2003 require the Authority to set aside a minimum revenue provision based on the Capital Financing Requirement. When the total depreciation charged to services is less than this minimum provision, the difference must be charged to the Income and Expenditure Account. However, where the depreciation exceeds the minimum revenue provision the Income and Expenditure Account receives a credit.

The charges for capital to the Housing Revenue Account are based on legislative requirements and comprise a minimum revenue provision based on the Housing element of the Capital Financing Requirement along with an appropriate proportion of external interest and costs of borrowing. Financing of capital expenditure from revenue is charged directly to the Housing Revenue Account. As a new requirement since 2005/06 Capital Charges are also charged to the Housing Revenue Account.

In accordance with the Code of Practice, revenue financing of capital expenditure on Council Fund Services is appropriated to the Capital Financing Account.

5. CAPITAL RECEIPTS

When the Authority sells an asset, legislation prescribes the use of the proceeds received.

In the case of Housing Revenue Account properties, it is no longer necessary to set aside a percentage of the receipts, however the Council have decided to continue with the former arrangement where 75% of the receipts were set aside to be used to meet repayment of external borrowings. The remaining 25% is held in the Usable Capital Receipts Reserve until such time as they are used to finance additional capital expenditure. Receipts from the sale of Housing Revenue

Account land are 100% usable.

All other capital receipts which belong to the Council Fund are 100% usable and set aside is no longer necessary.

6. GOVERNMENT GRANTS

Revenue grants are matched with the expenditure to which they relate and are credited to the Income and Expenditure Account for the relevant period.

Capital grants and contributions are credited to the Governments Grant Deferred Account when used to finance expenditure and released to the relevant Service Heads in the Income and Expenditure Account over the useful life of the asset to match the depreciation of the assets to which they relate.

Government grants and other contributions are accounted for on an accruals basis.

7. INVESTMENTS

Investments are shown at cost less a provision, where appropriate for loss in value.

8. DEBTORS AND CREDITORS

The Council's Accounts are maintained on an accruals basis in accordance with the Code of Accounting Practice. That is, sums due to, or from, the Council during the year are included whether or not the cash has actually been received or paid in the year.

An exception to this principle relates to electricity and similar quarterly payments which are charged at the date of meter reading rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

9. STOCKS AND WORK IN PROGRESS

Stocks and work in progress should be shown in the balance sheet at the lower of historical cost or net realisable value in accordance with the provisions of the Code of Practice. Due to the practicalities of the Council's main stock systems, the majority of stock is shown in the accounts at average cost.

10. COSTS OF SUPPORT SERVICES

Charges for services provided by the Central Support Departments are derived from a combination of pre-determined fixed charges, actual recorded staff time, transaction logging and pre-determined formulae. Office accommodation costs are allocated on a floor space basis.

The only unallocated residual costs, a total of £1.290m in 2006/07 (£1.206m in 2005/06), are those of corporate management and support service costs which the Code of Practice specifies should not be allocated. The allocation complies with the Best Value Accounting Code of Practice.

11. PROVISIONS

The Council sets aside provisions for specific obligations which are likely or certain to be incurred but the amount of which cannot yet be determined accurately. Provisions are also made for doubtful debts. Known uncollectable debts are written off against the relevant service. Further details can be found in Note 27.

12. RESERVES

Under the provisions of the Local Government Act 1988 the Council has one Council Fund which

represents the general reserves of the Authority. The revenue reserves of the Housing Revenue Account are shown separately as they are ring-fenced and may not be used for any other purpose. There are also a number of revenue and capital reserves earmarked for specific purposes which are detailed in Note 42.

13. PENSIONS

Financial Reporting Standard (FRS 17) has superseded SSAP 24 in noting how the long term liabilities which exist in relation to pensions costs should be reported. Local councils in Wales and England are to implement FRS 17 fully in their financial statements. Refer to the accounts and relevant notes for details.

14. ALLOCATION OF INTEREST RECEIVED

The Authority invests surplus funds for periods varying from overnight to two years and the interest is credited to the Council Fund, Housing Revenue Account, Gwynedd Pension Fund, Welsh Church Fund and other trust funds based on the level of their daily balances and the rate of interest earned.

15. INTEREST PAYABLE

Interest payable on external loans is included in the accounts in the period to which it relates on a basis which reflects the overall economic effect of the borrowings.

16. LEASES

Payments under operating leases are accounted for in the services revenue accounts on an accruals basis.

17. REPURCHASE OF BORROWING

Gains or losses arising on the repurchase or early settlement of borrowing are recognised in the income and expenditure account in the year during which they occur. However, where the repurchase of borrowing is coupled with a refinancing or restructuring of borrowing with substantially the same overall economic effect when viewed as a whole, gains or losses are recognised over the lesser of the life of the replacement borrowing or a period of 10 years.

18. VALUE ADDED TAX (VAT)

Only in a situation when VAT is irrecoverable, will VAT be included in our capital and revenue expenditure and income accounts.

19. INTEREST IN COMPANIES AND OTHER ENTITIES

The Council's investments in companies and other entities are shown in the Balance Sheet at original cost, and a provision is made, where appropriate, for any loss in value. Further details are given under Note 23 'Investments'.

When the Council has an interest in a related entity or receives benefits from it but is also exposed to inherent risks, then the Council decides, with regard to materiality, whether there is a need to prepare Consolidated Financial Statements in accordance with the Code. In deciding on the accounting method in respect of its investment in the entity, the Council considers how much influence and control it has over that entity.

INCOME AND EXPENDITURE ACCOUNT 2006/07

31 March		Gross	31 March 2007	Net
2006		Expenditure	Income	Expenditure
£'000		£'000	£'000	£'000
9,391	Culture and Associated Services	15,248	(5,284)	9,964
12,807	Environmental Services	20,271	(5,441)	14,830
4,381	Planning and Development	9,268	(3,854)	5,414
73,729	Education	91,834	(13,426)	78,408
14,760	Highways, Roads & Transportation	21,013	(5,935)	15,078
1,860	Housing (General)	31,905	(29,671)	2,234
37,404	Social Services	63,075	(17,224)	45,851
1,918	Central Services to the Public	9,949	(8,049)	1,900
209	Court Services	386	(142)	244
2,231	Corporate and Democratic Core	9,185	(7,227)	1,958
130	Non Distributed Costs	71	0	71
0	Exceptional Items	4,170	0	4,170
158,820	Net cost of Council Fund Services	276,375	(96,253)	180,122
3,386	Housing Revenue Account	21,835	(17,444)	4,391
162,206	Net cost of services	298,210	(113,697)	184,513
0	Losses on the disposal of Fixed Assets			260
645	Net (Surplus) / Deficit of Trading Units (Note 12)			463
7,214	Precepts and Levies (Note 14)			7,544
9,552	Interest payment and Related payments			9,374
(3,533)	Investment Income and Interest on Balances			(3,632)
2,607	Pensions Interest Cost and proceeds expected from assets (Note 7)			1,058
178,691	Net expenditure on operations			199,580
(39,148)	Council Tax (Note 15)			(40,877)
(24,447)	Net income from National Non-domestic Rates (Note 16)			(26,557)
(116,237)	Revenue Support Grant			(126,361)
(1,141)	(Surplus) / Deficit for the year			5,785

Due to the changes to the Statement of Recommended Practice (SORP) within the Code of Practice and the need to restate the corresponding position for 2005/06 in accordance with the requirements, it will appear that the position originally reported for 2005/06 has changed. Refer to Note 1 'Prior Period Adjustments' for details of the changes.

It is necessary, therefore, to take these changes in the requirements into consideration when comparing the position as reported in the new format.

A more detailed analysis of the expenditure and income by service division is shown in Appendix A on pages 70 - 72.

STATEMENT OF THE MOVEMENT ON THE COUNCIL FUND BALANCE

31 March 2006		31 March 2007
£'000		£'000
(1,141)	(Surplus) / Deficit for the Year on the Income and Expenditure Account	5,785
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the Movement on the Council Fund Balance for the Year	
(11,769)	Depreciation and Impairment of Fixed Assets	(15,020)
8,558	Government Grants Deferred Amortisation	8,638
(7,434)	Write downs of Deferred Charges to be Financed from Capital Resources	(7,330)
0	Net Loss on Sale of Fixed Assets	(260)
(14,015)	Net Charges made for Retirement Benefits in Accordance with FRS17	(16,243)
(24,660)		(30,215)
	Amounts not included in the Income and Expenditure Account but Required to be included by Statute when determining the Movement on the Council Fund Balance for the Year	
4,914	Minimum Revenue Provision for Capital Financing	5,200
3,153	Capital Expenditure charged in-year to the Council Fund Balance	3,380
12,588	Employer's Contribution payable to the Gwynedd Pension Fund and Retirement Benefits Payable Direct to Pensioners	14,418
20,655		22,998
	Transfers to or 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	
568	Housing Revenue Account Balance	(278)
43	Voluntary Revenue Provision for Capital Financing	46
9,272	Net Transfer to or from Earmarked Reserves	(290)
9,883		(522)
5,878	Net Additional Amount Required by Statute and Non-Statutory Proper Practices to be Debited/(Credited) to the Council Fund Balance for the Year	(7,739)
4,737	(Increase) / Reduction in Council Fund Balance for the Year	(1,954)
(11,028)	Council Fund Balance Brought Forward	(6,290)
(6,291)	Council Fund Balance Carried Forward	(8,244)

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

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the Council Fund Balance.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

31 March 2006 £'000		31 March 2007 £'000
(1,141)	(Surplus) / Deficit on the Income and Expenditure Account	5,785
(39,888)	(Surplus) / Deficit arising from the Revaluation of Fixed Assets	(19,060)
<u>11,093</u>	Actuarial (Gains) / Losses on Pension Fund Assets and Liabilities	<u>(26,161)</u>
<u>(29,936)</u>	Total Recognised (Gains) / Loss for the Year	<u>(39,436)</u>

BALANCE SHEET - 31 MARCH 2007

31 March 2006		31 March 2007	
£'000		£'000	£'000
	Intangible Fixed Assets		0
	Tangible Fixed Assets		
	Operational Assets (Note 19)		
241,298	Council Dwellings (Note 19)	266,861	
147,868	Other Land and Buildings (Note 19)	149,318	
78,429	Infrastructure (Note 19)	86,140	
9,447	Vehicles, Plant, Furniture and Equipment (Note 19)	10,752	
			513,071
401	Community Assets (Note 19)		393
	Non Operational Assets (Note 19)		
4,623	Investment Properties (Note 19)	1,244	
75	Assets Under Construction (Note 19)	75	
			1,319
892	Long Term Investments (Note 23)		893
838	Long Term Debtors (Note 24)		674
0	Prepayments relating to premiums on the early repayment of debt		2
483,871	Total Long Term Assets		516,352
	Current Assets		
1,137	Stock and Work in progress	1,030	
27,971	Debtors (Note 24)	31,593	
64,645	Investments (Note 23)	83,535	
77	Cash in hand	72	
	Current Liabilities		
(32,880)	Creditors (Note 25)	(50,659)	
(1,313)	Short Term Loans (Note 26)	(619)	
(4,123)	Cash Overdrawn	(11,623)	
			53,329
539,385	Total Assets less Current Liabilities		569,681
(149,764)	Long Term Loans (Note 26)	(149,195)	
(2,140)	Provisions (Note 27)	(6,214)	
(71,344)	Government grants deferred (Note 33)	(83,011)	
(77)	Deferred discounts on early repayments of debt	(91)	
(128,978)	Pension Commitment (Note 32)	(104,652)	
187,082	Total Assets less Liabilities		226,518
257,047	Fixed Asset Restatement Account		272,979
98	Deferred Capital Receipts (Note 28)		133
6,083	Usable Capital Receipts Reserve		4,519
2,846	Capital Financing Account		4,894
3,397	School Reserves (Note 31)		3,314
38,348	Earmarked Reserves		35,405
(128,916)	Pension Reserves		(104,581)
	Revenue Balances		
6,291	Council Fund	8,244	
1,888	Housing Revenue Account	1,611	
187,082	Total Net Worth		226,518

To ensure consistent classification between 2006 and 2007, the 2006 Balance Sheet has been restated. Deferred Government Grants are now considered as long term liabilities rather than Reserves and Balances. Deferred Discount on the Early Repayment of Debt has been reclassified as long term liability under a separate heading to follow the requirements of the new guidance.

CASH FLOW STATEMENT – 2006/07

REVENUE ACTIVITIES			
2005/06		2006/07	
£'000		£'000	£'000
	Expenditure		
150,211	Cash paid to employees	157,434	
124,338	Other Operating costs	138,711	
21,864	Payments to the Non-Domestic Rating Pool	23,564	
7,547	Precepts paid	8,050	
19,284	Housing Benefit paid out	19,871	
323,244			347,630
	Income		
(17,653)	Rents	(18,667)	
(40,525)	Council Tax Income	(42,615)	
(24,447)	Non-Domestic Rate Income from National Pool	(26,557)	
(23,473)	Non-Domestic Rates received	(23,929)	
(116,237)	Revenue Support Grant	(126,361)	
(25,713)	Benefit Grants	(26,148)	
(38,437)	Other Specific Grants	(44,098)	
(52,624)	Fees, charges and contributions	(55,167)	
(8,386)	Other Income	(15,259)	
			(378,801)
(24,251)	<i>(Refer Note 35 a 36)</i>		(31,171)
	SERVICING OF FINANCE		
	Expenditure		
9,887	Interest paid	9,415	
	Income		
(3,535)	Interest Received	(3,633)	
(17,899)			(25,389)
	CAPITAL ACTIVITIES		
	Expenditure		
35,967	Purchase of Fixed Assets	30,771	
7,434	Payment of Grants and Contributions	7,330	
258	New Long Term Loans	199	
43,659		38,300	
	Income		
(4,271)	Sale of Fixed Assets	(2,884)	
(359)	Repayments by Long Term Debtors	(295)	
(24,260)	Capital Grants <i>(Refer Note 36)</i>	(22,380)	
			12,741
(3,130)			(12,648)
	MANAGEMENT OF LIQUID RESOURCES		
(4,465)	Increase/(Decrease) in Short Term Investments		18,890
(7,595)			6,242
	FINANCING		
	Expenditure		
16,760	Repayments of amounts borrowed	11,763	
	Income		
(15,000)	New Loans Raised	(10,500)	
(5,835)	(Increase)/ Decrease in Cash and Cash Equivalent <i>(Refer Note 37)</i>		1,263
			7,505

NOTES TO THE CORE FINANCIAL STATEMENTS

NOTE I – PRIOR PERIOD ADJUSTMENTS

The Council has followed CIPFA's latest guidelines in the preparation and presentation of the Statement of Accounts for 2006/07, that impacts of the comparative figures for 2005/06 in the Income and Expenditure Account:

- Capital financing charges for the use of fixed assets are no longer made to the services revenue accounts.
- Credits for government grants deferred are now posted to the service revenue accounts rather than credited as a corporate income item.
- Gains and losses on the disposal of fixed assets are recognised in the Income & Expenditure Account.
- Repayment of renovation grants and repayments arising from the assisted house purchase scheme are credited to the Income & Expenditure Account by netting off against deferred charges.

The effect of these changes on the comparative figures in the Income & Expenditure Account are detailed in the table below.

	CRA in 2005/06 Statement of Accounts £'000	Remove Capital Financing Costs £'000	Grants Deferred £'000	Interest £'000	Housing Revenue Account Adjustment £'000	2005/06 Comparative Figures in I&E Account £'000
Culture & Associated Services	10,621	(1,017)	(213)			9,391
Environmental Services	13,359	(386)	(166)			12,807
Planning and Development	7,001	(896)	(1,724)			4,381
Education	76,227	(2,148)	(350)			73,729
Highways, Roads & Transport	17,754	(2,497)	(497)			14,760
Housing (General)	7,567	(245)	(5,462)			1,860
Social Services	37,683	(250)	(29)			37,404
Central Services to the Public	1,940	(22)	0			1,918
Court Services	209	0	0			209
Corporate & Democratic Core	2,420	(50)	(8)	(289)	158	2,231
Non Distributed Costs	138	(2)	(6)			130
	174,919	(7,513)	(8,455)	(289)	158	158,820
Housing Revenue Account	(700)	(18)	(103)		4,207	3,386
Effect on Net Cost of Services	174,219	(7,531)	(8,558)	(289)	4,365	162,206
Other Operational Expenditure and Income						
Net Surplus/Deficit of Trading Units	665	(20)				645
Precepts and Levies	7,214					7,214
Interest payment & Related Payments	0			9,552		9,552
Investment Income and Interest on Balances	(3,407)				(126)	(3,533)
Net Income on Asset Management Revenue Account	(8,310)	7,551	8,558	(7,799)		0
Pensions Interest Cost and Proceeds expected from assets	2,607					2,607
Effect on Net Expenditure on Operations	172,988	0	0	1,464	4,239	178,691

NOTE 2 - EXPENDITURE UNDER SECTION 137, LOCAL GOVERNMENT ACT 1972

Section 137 of the Local Government Act 1972 (revised in 2000) enables a local authority to spend up to £5.44 per head of the relevant population of the Authority's area, equivalent to £641,920 in 2006/07, for the benefit of people in their area on activities or projects not specifically authorised by other powers. Expenditure amounting to £405,395 in 2006/07 was mostly used to provide grants to voluntary bodies which serve the community. This compares with £405,440 in 2005/06.

NOTE 3 - AGENCY SERVICES

The Council carries out certain work on an agency basis, and also administers the North Wales Trunk Road Agency.

The principal areas of work are Trunk Road Improvements and Maintenance on behalf of the National Assembly for Wales, with £23.232m income transactions recovered in 2006/07.

NOTE 4 - EXPENDITURE ON PUBLICITY

In accordance with Section 5 of the Local Government Act 1986, local authorities must keep a separate account of expenditure on publicity defined as being any communication, in whatever form, addressed to the public at large or to a section of the public. Net expenditure by the Council on publicity in 2006/07 amounted to £813,782. This includes all the expenditure on advertising for all purposes. This compares with £924,996 in 2005/06.

NOTE 5 - INCOME UNDER THE GOODS AND SERVICES ACT 1970

No income was received under this heading during 2006/07 or 2005/06.

NOTE 6 - LEASES

In the past the Council's general policy was to acquire some vehicles and equipment through leasing. Since 2004/05 it was decided to compare the cost of leasing with the cost of borrowing with the intention of buying providing best value to the council in purchasing the asset. Such changes are allowed due to the Prudential Code, which allows a higher level of borrowing than the basic level when there is a sufficient reason to do so.

The capital value of assets acquired during the year under leases was Nil (£1,123,915 in 2005/06) and the total lease payments for the year amounted to £773,200 (£834,204 in 2005/06). The outstanding obligations under leases at 31 March 2007 were £1,222,153 (£1,849,907 on 31 March 2006).

NOTE 7 – PENSION COSTS

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 make the payments. These need to be disclosed at the time that employees earn their future entitlement. Gwynedd Council participates in two different pension schemes, both of which give defined benefits to members related to pay and service namely the Local Government Pension Scheme and the Teachers Pension Scheme.

- a) **the Local Government Pension Scheme** - This is available for all local government employees, including staff in schools and Further Education bodies other than teachers, as well as employees from scheduled and admitted bodies. Councillors are also allowed access to the scheme. The scheme is administered by Gwynedd Council - this is a funded 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.
- b) **the Teacher's Pension Scheme** - This is administered by the Department of Education on the basis of a "notional fund". For the purpose of FRS 17, the Teachers' Pension Scheme is considered to be a defined benefit scheme where the Scheme's assets and liabilities cannot be attributed to employers on a reasonable and consistent basis.

a) The Local Government Pension Scheme

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 it is required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Income and Expenditure Account after Net Operating Expenditure. The following transactions have been made in the Income Expenditure Account during the year:

	Gwynedd Council Pension Scheme		Gwynedd Closed Fund Pension Scheme		Total	
	£'000		£'000		£'000	
	31 March 2006	31 March 2007	31 March 2006	31 March 2007	31 March 2006	31 March 2007
Net Cost of Services						
Current Service Cost	(10,915)	(15,113)	0	0	(10,915)	(15,113)
Past Service Cost	(39)	(23)	0	0	(39)	(23)
Curtailment and Settlement	(46)	(49)	0	0	(46)	(49)
Net Operating Expenditure						
Interest Cost	(15,753)	(17,776)	(2,762)	(2,633)	(18,515)	(20,409)
Expected Return on Assets in the Scheme	13,723	16,970	2,185	2,381	15,908	19,351
Amounts to be met from Council Tax						
Movement on Pensions Reserve	850	1,583	577	252	1,427	1,835
Actual amount charged against council tax for pensions in the year						
Employers' Contributions to the Scheme	(12,180)	(14,408)	0	0	(12,180)	(14,408)

Note 32 contain details of the assumptions made in estimating the figures included in this note. Note 43 detail the history of experience gains and losses.

As a result of the increase in the stock markets, the value of the assets has increased since the actuary carried out the above estimation. This increase, of course, will affect the deficit noted above.

b) Teachers Pension Scheme

Teachers employed by the authority are members of the Teachers' Pension Scheme, administered by the Teachers' Pensions Agency (TPA). It provides teachers with defined benefits upon their retirement, and the authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

In 2006/07 the Council paid £5.39m in respect of teachers pension costs, which represented 13.65% of teacher's pensionable pay. In addition the Council is responsible for all pension payments relating to added years it has awarded, together with the related increases. In 2006/07 these amounted to £0.89m, representing 2.26% of teacher's pensionable pay.

The accounts are Financial Reporting Standard 17 'Retirement Benefits' (FRS 17) compliant, this also includes the Housing Revenue Account.

NOTE 8 - MINIMUM REVENUE PROVISION

The Minimum Revenue Provision (which is the sum which the authority must set aside from revenue to provide for the repayment of debt) has been calculated as follows for 2006/07:-

	2005/06	2006/07
	£000	£000
Housing Revenue Account - (2% x Housing Capital Financing Requirement on 1 st April 2006)	446	379
Other Services (4% x Other Services Capital Financing Requirement on 1 st April 2006)	5,136	5,241
	5,582	5,620
Less Adjustment due to Commutation of Improvement Grants	(668)	(420)
Minimum Revenue Provision	4,914	5,200
Effected by Depreciation	(12,841)	(15,021)
Required Appropriation from Capital Financing Account	7,927	9,821
	(4,914)	(5,200)

NOTE 9 - MEMBERS ALLOWANCES

The following amounts were paid as allowances to members during 2006/07:-

2005/06		2006/07
£		£
999,115	Allowances	1,024,044

NOTE 10 - PAYMENTS TO EMPLOYEES

The Accounts and Audit Regulations Wales 2005 require the Council to disclose the number of employees who's remuneration (as defined) for the year was in excess of £60,000. The prescribed interpretation for the defined requirement has changed for 2006/07, and does not now exclude the employees' contribution to a pension fund.

The required information is outlined below, and the corresponding position for 2005/06 has been re-stated in order to comply with the latest requirements:-

Number of employees who received more than £60,000:		
Number in 2005/06		Number in 2006/07
7	£60,000 - 69,999	11
4	£70,000 - 79,999	6
-	£80,000 - 89,999	-
1	£90,000 - 99,999	-
-	£100,000 - 109,999	1

NOTE 11 - TRANSACTIONS WITH RELATED PARTIES

The CIPFA Code of Practice requires the disclosure of material transactions with related parties which are not disclosed elsewhere in the accounts.

This information is already included in the statement of accounts under different headings as follows:-

- (i) Details of transactions with the Pension Fund.
Note 7 on page 27, 28 and 29.
Pension Fund Accounts on pages 59 - 67.
- (ii) Details of transactions with subsidiary and associated companies.
Note 44 on page 52.
A total of £2,917,187 was paid to Cwmni Cynnal during 2006/07 for services to schools.
- (iii) Significant Government Grants.
Income and Expenditure Account on page 21.
Note 36 on page 45.
- (iv) Other Local Authorities and Precepting Bodies.
Note 14 on page 31.
Note 15 on page 32.
Notes 24 and 25 on pages 38 and 39.
- (v) Members and Chief Officers.
Notes 9 and 10 on pages 29 and 30.

The Council appoints members to some external charitable or voluntary bodies or they have disclosed a link to organisations. Payments of £4,223,218 were made to such bodies as grants or contributions for services during 2006/07.

Members have declared an interest in contracts or businesses which may have dealings with the

Council. A total of £355,911 was paid under this heading during 2006/07.

A number of Chief Officers have declared an interest in companies or public bodies which receive payments from the Council. Payments totalling £478,745 were made to such bodies during 2006/07.

NOTE 12 – TRADING UNITS

The Council operates a number of services on a commercial basis including some which were previously subject to the compulsory competitive tendering regime. Accounting for former trading units relating to activities formerly undertaken by Gwynedd Civil Engineering, Gwynedd Environmental and the Ground Maintenance element is now shown under the appropriate service heading (refer page 21). For the remainder, a breakdown of “Net (Surplus) / Deficit of Trading Units” heading is provided below:-

Unit	Expenditure £'000	Income £'000	(Profit) / Loss £'000
Commercial Services –			
<i>Catering</i>	6,484	(6,415)	69
<i>Building Cleaning</i>	4,481	(4,579)	(98)
Gwynedd Training	1,573	(892)	681
Print Unit	629	(570)	59
Industrial Estates	322	(570)	(248)
Total	13,489	(13,026)	463

NOTE 13 - EARMARKED RESERVES

Full details of these reserves are given in Note 42 on pages 47 - 50 of the accounts.

NOTE 14 - PRECEPTS

Details of the precepts and levies paid during the year are given below:-

PRECEPTS AND LEVIES PAID IN THE YEAR		
2005/06 £'000		2006/07 £'000
4,896	North Wales Fire Authority	5,139
1,082	Snowdonia National Park Authority	1,093
1,061	Community Councils	1,121
115	North West and North Wales Sea Fisheries Committee	129
59	Local Drainage Boards	61
7,213	Total	7,543

NOTE 15 - COUNCIL TAX

The Council determines its expenditure requirements for the year and converts it to a Band D

Council Tax by dividing this sum by a calculation of the number of properties in each Council Tax band converted into the equivalent number of properties in Band D (The Council Tax Base). The Police Authority's requirement is then added to this amount to establish the County's Council Tax.

The Council Tax Base for 2006/07 was calculated as follows:-

CALCULATION OF THE COUNCIL TAX BASE FOR 2006/07			
Valuation Bands	Number of properties following discounts	Statutory multiplier	Equivalent No. Band D properties
A*	14	5/9	7.92
A	7,129	6/9	4,752.47
B	12,837	7/9	9,984.47
C	10,520	8/9	9,350.95
D	9,273	1	9,273.25
E	7,189	11/9	8,785.94
F	3,328	13/9	4,807.24
G	1,108	15/9	1,846.25
H	147	18/9	294.50
I	47	21/9	109.67
		Total	<u>49,212.66</u>
		Council Tax base after allowing for losses on collection	<u>48,233.97</u>

An analysis of the net income accruing to the Council is given below:-

2005/06		2006/07
£'000		£'000
46,865	Council Tax raised	49,051
(7,547)	Less sum payable to the North Wales Police Authority	(8,050)
(170)	Less Provision for bad debts	(111)
(535)	Transitional Relief	(63)
535	Transitional Relief Grant	3
0	Council Tax Administration Grant for Pensioners	47
<u>39,148</u>		<u>40,877</u>

NOTE 16 - NATIONAL NON-DOMESTIC RATES

National Non-Domestic Rates are managed by the Government but local authorities are responsible for their collection and for paying them to a central pool run by the National Assembly for Wales. They subsequently allocate amounts from the pool to Local Authorities, on a population basis.

The Government sets the National Non-Domestic rate for the year (43.2p in 2006/07) which is then multiplied by the rateable value of the property. Subject to the effects of transitional arrangements and some other reductions, this is the amount payable by the ratepayer.

At the end of the 2006/07 financial year there were 6,764 properties on the local valuation list in Gwynedd, representing a rateable value of £70,329,079.

An analysis of the net income accruing to the Council from National Non-Domestic Rates is as follows:-

2005/06		2006/07
£'000		£'000
23,113	National Non-domestic Rate raised	24,051
(323)	Less Cost of Collection allowance	(328)
(91)	Less provision for Bad Debts	(62)
(22,699)	Less sum paid to the National Pool	(23,661)
<u>0</u>		<u>0</u>
(24,447)	Receipts from the National Pool	(26,557)
<u>(24,447)</u>	Net Income from Non Domestic Rates	<u>(26,557)</u>

NOTE 17 – THE BUILDING CONTROL INCOME AND EXPENDITURE ACCOUNT

This account shows the expenditure and income which relate to the building regulations checking and supervision function, including consideration of any enforcement action but not the service of notices under the provisions of the Building Act 1984.

The account is expected to break-even over a three year rolling period, and this requirement is reviewed annually. A £28,603 loss is reported for the last three years, the overspend during 2006/07 is a one-off overspend.

	£
Total Charges Income received (excluding VAT)	(504,542)
Total Charges Expenditure incurred	576,086
(Surplus)/Loss for the year 2006/07	71,544
(Surplus)/Loss for 2005/06	(50,688)
(Surplus)/Loss for 2004/05	7,747
(Surplus)/Loss for the last three years	28,603

NOTE 18 – AUDIT FEES

Fees were paid to the Wales Audit Office during 2006/07 as noted below:-

2005/06		2006/07
£		£
264,726	Standard Audit Fees	263,928
71,937	Statutory Inspection Fees	66,965
110,098	Fees for grant claims and returns	120,838
(13,764)	Other Fees	(14,067)
<u>432,997</u>		<u>437,664</u>

Included in the Other Fees is a repayment from the Pension Fund of £14,067 as the Wales Audit Office invoice a fee for auditing the Pension Fund. In 2005/06 the fee was £13,764.

NOTE 19 - FIXED ASSETS

The table below shows the movement on the various categories of fixed assets during 2006/07:-

FIXED ASSET TRANSACTIONS – 2006/07							
	Balance	Opening	Expend-	Sales	Depreciation	Revaluation	Balance
	1.4.06	Balance	iture	2006/07	2006/07	Adjustments	31.3.07
	£'000	Adjustment	2006/07	2006/07	2006/07	/ Written out	£'000
		£'000	£'000	£'000	£'000	£'000	£'000
Operational Assets							
Council Dwellings	241,298	0	5,382	(2,022)	(6,032)	28,235	266,861
Land and Buildings	147,868	3,368	11,709	(487)	(3,480)	(9,660)	149,318
Infrastructure	78,429	(11)	10,091	0	(2,369)	0	86,140
Vehicles, Plant, Furniture & Equipment	9,447	11	4,444	0	(3,150)	0	10,752
Community Assets	401	0	104	0	(8)	(104)	393
Non Operational Assets							
Investment Properties	4,624	(3,368)	0	(85)	19	54	1,244
Assets Under Construction	75	0	0	0	0	0	75
Total	482,142	0	31,730	(2,594)	(15,020)	18,525	514,783

The Council's operational Land and Buildings were revalued on 1st April 2005 by the Council's Principal Estates Officer in accordance with the policies noted in Note 2 of the Statement of Accounting Policies which appears at the beginning of the Statement of Accounts.

Council Dwellings have been valued on the Existing Use Value for Social Housing basis (EUV-SH), in accordance with the requirements of the LG SORP. The methodology used by the Council to determine the EUV-SH requires the calculation of an adjustment factor which is applied to the vacant possession value of the property to reflect the fact that Council Dwellings have a 'social housing' sitting tenant. Adjustment factors for each region in England are contained in guidance issued by the Office of the Deputy Prime Minister in July 2005. The Welsh Assembly Government has not issued similar guidance. The Council's Valuer has therefore calculated an adjustment factor which was intended to reflect local market factors.

The sources of finance for the assets acquired during the year are shown with the information on capital expenditure in the explanatory foreword.

In compliance with the policy noted on page 17, no changes have been made to the asset values during 2006/07 due to impairment.

An analysis of fixed assets is given in the following table:-

ANALYSIS OF THE NUMBER OF FIXED ASSETS ON THE ASSET REGISTER

31 March 2007

Council Dwellings	6,362
Schools (excluding Church Schools)	110
Social Services Homes and Centres	27
Offices and Public Halls	23
Depots / Stores	18
Leisure Centres and Swimming Pools	20
Youth and Social Clubs	15
Off-street Car Parks	31
Libraries	16
Industrial Estates	22
Shops	16
Crematorium	1
Cemeteries	1
Archives	1
Museums	4
Public Halls	3
Magistrates Courts	0
Hostel	2
Various other buildings	40
Caravan Parks	1
Vehicles	167
Highways (Kilometres)	2,885
Bridges	744
Community Assets	5
Smallholdings(Acres)	3,132

NOTE 20 - COMMITMENTS UNDER CAPITAL CONTRACTS

Significant commitments under capital contracts at 31 March 2007 were as follows:-

	Contract Sum £'000	Payments To date £'000	Amount Outstanding £'000
New Pendalar School, Bethel Road, Caernarfon	3,814	3,160	654
Dol Elen and Maes Tryfan Improvements	621	161	460
Rebuilding Sports Hall at Bro Dysynni, Tywyn	584	155	429

NOTE 21 - DEFERRED CHARGES



DEFERRED CHARGE TRANSACTIONS – 2006/07

	Housing Grants £'000	Other £'000	Total £'000
Balance on 1 April 2006	0	0	0
Expenditure in the Year	4	7,326	7,330
Written down in the year	(4)	(7,326)	(7,330)
Balance at 31 March 2007	<u>0</u>	<u>0</u>	<u>0</u>

NOTE 22 - ANALYSIS OF NET ASSETS EMPLOYED

ANALYSIS OF THE NET ASSETS EMPLOYED

31 March 2006 £'000		31 March 2007 £'000
39,361	Council Fund	59,758
147,721	Housing Revenue Account	170,930
<u>187,082</u>	Total	<u>230,688</u>

NOTE 23 - INVESTMENTS

ANALYSIS OF THE COUNCIL'S INVESTMENTS

31 March 2006 £'000		31 March 2007 £'000
Long Term Investments		
746	Môn-Arfon Waste Disposal Company	746
130	Association of District Councils Debenture	130
1	Company Stock	1
15	Government Stock	15
<u>892</u>	Total Long Term	<u>892</u>
Short Term Investments		
<u>64,645</u>	Financial Markets	<u>83,535</u>

The investment in Cwmni Gwastraff Môn-Arfon represents a 50% shareholding in a local waste disposal company owned jointly with the Isle of Angelsey County Council. Further details are given

in Note 44 on page 52.

NOTE 24 - DEBTORS

An analysis of the Council's debtors is given below:-

DEBTORS DUE WITHIN ONE YEAR		
31 March 2006		31 March 2007
£'000		£'000
14,812	Government Departments	18,109
3,685	Other Public Authorities	3,060
1,555	Other Public Body	2,389
1,973	Council Tax Payers	1,797
1,073	National Non-Domestic Rates	820
926	Council Tenants	895
8	Mortgagors	135
8,115	Other Miscellaneous Debtors	7,371
373	2007/08 payments made in 2006/07	687
302	2006/07 income received in April & May 2007	343
32,822		35,606
(4,851)	Less: Bad Debts Provision	(4,013)
27,971	Net Debtors	31,593

DEBTORS FALLING DUE AFTER ONE YEAR		
31 March 2006		31 March 2007
£'000		£'000
543	Car Loans to employees	468
30	Mortgages - General	25
170	- Former Tenants	107
61	Barcud (Gwynedd Council element)	46
20	Gwynedd Archaeological Trust	15
14	Others	13
838	Total	674

NOTE 25 - CREDITORS

ANALYSIS OF THE COUNCIL'S CREDITORS

31 March 2006 £'000		31 March 2007 £'000
6,249	Government Departments	14,532
1,106	Other Public Authorities	2,260
1,441	Other Public Agencies	1,096
1,099	Council Tax Payers	1,360
370	Non-Domestic Rate Payers	(5)
9,627	Other Miscellaneous Creditors	14,599
102	Rent Income received in advance	265
311	Other Receipts in advance	439
12,575	April and May payments for goods received or work done before 31 March 2007	16,113
<hr/> 32,880		<hr/> 50,659

NOTE 26 - LOANS

ANALYSIS OF THE AUTHORITY'S LOANS

Source of Loan	Range of Interest payable %	Outstanding	
		31.3.2006 £'000	31.3.2007 £'000
Public Works Loans Board	3.75 - 11.00	151,077	149,814
		<hr/> 151,077	<hr/> 149,814
The maturity profile of the loans is as follows			
	Within a year	1,313	619
	Between 1 - 2 years	619	576
	Between 2 - 5 years	11,611	16,947
	Between 5 -10 years	18,721	8,809
	Over 10 years	118,813	122,863
	Total	<hr/> 151,077	<hr/> 149,814
Less : Amounts due within one year shown in short -term loans		(1,313)	(619)
Total Long term borrowing		<hr/> 149,764	<hr/> 149,195

NOTE 27 - PROVISIONS

The Council sets aside provisions for specific obligations, the amount or timing of which cannot be determined accurately. It is not possible under accounting conventions to make provisions for uneven patterns of expenditure. However, earmarked reserves may be made and these are disclosed on page 47 in Note 42.

NOTE 28 - DEFERRED CAPITAL RECEIPTS

Deferred Capital Receipts are amounts derived from sales of assets which will be received in installments over agreed periods of time. They arise principally from mortgages on sales of council houses, which form part of the mortgages heading under long term debtors.

NOTE 29 - CONTINGENT LIABILITIES

The Authority has made a provision within the Accounts in respect of equal pay claims. However, in terms of liability, the position has not been properly established insofar as there is no certainty that such a liability exists or the extent of which.

NOTE 30 - TRUSTS

The Council acts as sole trustee for 169 bequests such as school prize funds and comforts and improvements to the Care Directorate’s Establishments. The total balance on these funds at 31 March 2007 was £628,653. These are invested to provide income.

The two largest funds are shown in separate statements on pages 61 and 62.

NOTE 31 - SCHOOL BALANCES

This sum is represented by the element of balances released under the delegation of budgets directly to schools which remained unspent at the end of the financial year:-

31 March 2006 £'000		31 March 2007 £'000
3,672	Individual School Balances	3,519
(242)	Schools overdrawn	(180)
(41)	School Loans Scheme	(45)
8	General Balances	20
<u>3,397</u>		<u>3,314</u>

NOTE 32 – PENSIONS COMMITMENT

Note 7 contains details of the Authority's participation in the Local Government Pensions Scheme (administered by Gwynedd Council) and the Teacher's Pension Scheme.

The underlying assets and liabilities for retirement benefits attributable to the authority as 31 March are as follows:-

	Gwynedd Council Pension Scheme £'000		Gwynedd Closed Fund Pension Scheme £'000		Total £'000	
	31 March		31 March		31 March	
	2006	2007	2006	2007	2006	2007
Estimated Liabilities in Scheme	(356,980)	(362,293)	(55,751)	(52,547)	(412,731)	(414,840)
Estimated Assets in Scheme	249,151	277,282	34,602	32,906	283,753	310,188
Net Asset/(Liability)	(107,829)	(85,011)	(21,149)	(19,641)	(128,978)	(104,652)

The liabilities show the underlying commitments that the authority has in the long-run to pay retirement benefits. 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.

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. The Gwynedd Pension Scheme has been assessed by Hymans Robertson, an independent firm of actuaries. The main assumptions used in their calculations have been:-

	31 March 2006	31 March 2007
Price Inflation	3.1%	3.2%
Pay Inflation	4.6%	4.7%
Pensions Inflation	3.1%	3.2%
Discount Rate	4.9%	5.4%

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

	Long Term Return	31 March 2006	31 March 2007
	%	%	%
Equities	7.8	74.6	75.9
Bonds	4.9	13.3	12.2
Property	5.8	8.8	9.4
Cash	4.9	3.3	2.5
Total	7.2	100.00	100.00

With regard to the Teachers' Pension Scheme, there were no contributions remaining payable at year end. The scheme is a defined benefit scheme administered by the Teachers Pensions Agency (TPA). Although the scheme is unfunded, the TPA uses a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities. However, it is not possible for the authority to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of this statement of accounts it is therefore accounted for on the same basis as a defined contribution scheme.

NOTE 33 – GOVERNMENT GRANTS DEFERRED

The balance on this account represents the value of capital grants and contributions which have been applied to finance the acquisition or enhancements of fixed assets held in the asset register, or deferred charges. The balance on this account is released to revenue in line with depreciation or with the write-off of deferred charges. All grants relating to deferred charges are released in the year.

GOVERNMENT GRANTS DEFERRED	
2005/06	2006/07
£'000	£'000
51,836	71,344
29,367	20,304
(3,028)	(2,284)
(6,831)	(6,353)
71,344	83,011
Balance at 1 April 2006	
Grants applied	
Grants and contributions written-off	
- against depreciation	
- on deferred charges in the year	
Balance at 31 March 2007	

NOTE 34 - CAPITAL FINANCING REQUIREMENT

The CIPFA Prudential Code of Practice, first applied to the 2004/05 financial year, required the Council to adopt Prudential Indicators which demonstrate that the Council's Capital programme is affordable, prudent and sustainable. One of these indicators is the Capital Financing Requirement. This indicator reflects the underlying need to borrow for a capital purpose. When capital expenditure is not resourced immediately this will result in a net increase to the capital financing requirement. This will be the case whether or not external borrowing actually occurs.

2005/06		2006/07
£'000		£'000
482,141	Fixed Assets	514,783
892	Long Term Investments	892
(71,344)	Government Grants Deferred	(83,011)
(257,047)	Fixed Asset Restatement Account	(272,978)
(2,846)	Capital Financing Account	(4,894)
<u>151,796</u>	Capital Financing Requirement at 31 March	<u>154,792</u>

The movement in the year is explained as follows:

2005/06		2006/07
£'000		£'000
152,115	Opening Capital Financing Requirement	151,796
0	Adjustment to opening balance	80
43,401	In year Capital Investment	39,060
(3,599)	Capital Receipts used	(2,765)
(29,367)	Government grants and other contributions	(20,304)
(2,828)	Capital Expenditure charged to Revenue	(6,170)
(4,914)	Revenue Provision (MRP)	(5,200)
	Additional voluntary set aside:	
(3,012)	Capital Receipts	(1,705)
<u>151,796</u>	Closing Capital Financing Requirement	<u>154,792</u>

NOTE 35 - RECONCILIATION TO THE STATEMENT OF THE MOVEMENT ON COUNCIL FUND BALANCE (CASH FLOW)

2005/06		2006/07
£'000		£'000
	(Surplus) / Deficit for the Year on the Income and Expenditure Account	
(1,141)		5,785
	Net Additional Amount Required by Statute and Non-Statutory Proper Practices to be Debited/(Credited) to the Council Fund Balance for the Year	
<u>5,878</u>		<u>(7,739)</u>
	Surplus for the year on the Statement of the movement on the Council Fund Balances	
4,737		(1,954)
<u>(567)</u>	Add : net surplus on the Housing Revenue Account	<u>278</u>
4,170		(1,676)
	Non Cash Transactions	
	Add/ (Deduct) -	
1,762	Net contributions to reserves	(25,479)
(4,914)	Minimum Revenue Provision	(5,200)
(1)	Net increase in provisions	96
(12,582)	Pension Commitments	24,326
<u>(11,565)</u>		<u>(7,933)</u>
	Items on an accruals basis	
101	Add increase/(decrease) in stocks	(107)
(4,254)	Add increase/(decrease) in revenue debtors	3,841
689	Less net (increase)/decrease in revenue creditors	(14,975)
<u>(15,029)</u>		<u>(19,174)</u>
	Items classified in another part of the cash flow statement	
(6,352)	Add net interest paid	(5,782)
(2,871)	Capital financing from revenue	(6,216)
<u>(24,252)</u>	Total	<u>(31,172)</u>

NOTE 36 – GRANTS

2005/06 £'000		2006/07	
		£'000	£'000
	Revenue Grants :-		
4,863	Resources Grants	2,470	
17	Chief Executive Grants	20	
0	Corporate Grants	2,874	
13,282	Environment Grants	14,480	
7,734	Care Grants	8,205	
1	Education Mandatory Grants	2	
1,288	Education GEST Grants	1,093	
729	Education Key Stage 2 Grant	1	
11,251	Other Development Grants	11,893	
25,713	Housing and Council Tax Benefit Grant	26,148	
116,237	Revenue Support Grant	126,361	
24,447	Share of Non-Domestic Rates	26,557	220,104
<u>205,562</u>			
	Capital Grants :-		
20,450	National Assembly Grants	20,960	
36	Welsh Development Agency Grants	(48)	
1,186	European Regional Development Fund Grants	1,073	
2,588	Other Grants	395	22,380
<u>24,260</u>			
<u>229,822</u>	Total		<u>242,484</u>

NOTE 37 - MOVEMENT IN CASH AND CASH EQUIVALENTS

INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS – 2006/07			
	Balance on 1 April 2006 £'000	Balance on 31 March 2007 £'000	Movements during year £'000
Cash overdrawn	(4,123)	(11,623)	(7,500)
Cash in hand	77	72	(5)
Decrease in Cash and Cash equivalent			<u>(7,505)</u>

NOTE 38 – MOVEMENT IN RESERVES

	<----- Capital Reserves ----->			<----- Revenue Reserves ----->				
	Asset Restatement Account (Note 39)	Capital Financing Account (Note 40)	Usable Capital Receipts (Note 41)	Specific Reserves (Note 42)	Pensions Reserve (Note 43)	Housing Revenue Account	Council Fund Balance	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1.4.06	257,047	2,846	6,083	41,745	(128,916)	1,888	6,291	186,984
Additions / (Used) in the year		(2,302)		(3,026)	(1,826)	(277)	1,953	(5,478)
Actuarial Gains / (Losses)					26,161			26,161
Unrealised Gains / (Losses) on revaluation of Assets	18,525							18,525
Sale of Assets :								0
Cost/Value of Assets	(2,593)							(2,593)
Receipts		1,585	1,201					2,786
Financing Fixed Assets		2,765	(2,765)					0
								0
Balance at 31.3.07	272,979	4,894	4,519	38,719	(104,581)	1,611	8,244	226,385

NOTE 39 - FIXED ASSET RESTATEMENT ACCOUNT

MOVEMENTS ON THE FIXED ASSET RESTATEMENT ACCOUNT			
	Council Fund £'000	Housing Revenue A/c £'000	Total £'000
Balance at 1 April 2006	112,329	144,718	257,047
Net Increase/ (Decrease) in Asset values	(7,181)	25,706	18,525
Sale of Assets	(572)	(2,021)	(2,593)
Balance at 31 March 2007	104,576	168,403	272,979

NOTE 40 - CAPITAL FINANCING ACCOUNT

MOVEMENTS ON THE CAPITAL FINANCING ACCOUNT

Balance at 1 April 2006	2,846
Transfers from the Council Fund	
- Provision for repayment of external debt	(9,821)
- Financing Fixed Assets	6,170
- Deferred Grants	8,638
- Voluntary Contribution	46
Capital Receipts set-aside	1,585
Use of Capital Receipts for financing	2,765
Write down - Deferred Charges	(7,330)
- Long Term Debtors	(5)
	4,894
Balance at 31 March 2007	4,894

NOTE 41 - USABLE CAPITAL RECEIPTS RESERVE

These are capital receipts which have not yet been used to incur additional capital expenditure but are partly committed. (Refer Note 5 in the Statement of Accounting Policies).

ANALYSIS OF USABLE CAPITAL RECEIPTS

	Housing Revenue Account £'000	Other Services £'000	Total £'000
Balance at 1 April 2006	1,043	5,040	6,083
2006/07 receipts	844	357	1,201
Amounts used during 2006/07	(1,076)	(1,689)	(2,765)
Balance at 31 March 2007	811	3,708	4,519

NOTE 42 - SPECIFIC RESERVES

Details are given below of the Council's main specific reserves.

- (i) The School Reserves represent the budgets delegated to schools but which have not hitherto been spent.
- (ii) The Renewals Reserve is used by the Provider Services, Gwynedd Training, Highways and Municipal and the Print Room to replace vehicles and equipment as required.
- (iii) The Capital Reserve represents resources already committed to finance part of the Council's Capital Programme.

- (iv) Gwynedd Council does not insure all risks with external insurers but instead it has established an internal reserve to meet those uninsured risks. The balance on the Insurance Reserve represents Gwynedd and the former Gwynedd County Council's (pre 1996) insurance funds.
- (v) The Social Services Reserve includes a reserve established to meet uneven patterns on some elements of Social Services expenditure in addition to a fund to meet the requirement of the Corporate Parent Panel.
- (vi) The Amenity Funds represent sums held by the Council's residential homes and establishments for the benefit of the clients. They are established from voluntary contributions.
- (vii) The Services Fund represents the element of slippages and underspend that service departments have the right to carry forward for use in the subsequent financial year, and one-off budgets that extend over more than one year.
- (viii) The Cilgwyn Fund was established using the dividend received from Cwmni Gwastraff Môn-Arfon Cyf and will be used towards the costs related to the landfill site when it reaches the end of its useful life.
- (ix) An Investment To Save fund was created for capital or revenue schemes which create savings to the Council over a period of time. The resources will be available for departments with a business plan for a specific scheme which shows that the investment would pay for itself over a specific period of time.
- (x) During 1999/00 a fund was created for additional capital or revenue costs which are likely to arise from the requirements to develop plans for Objective 1.
- (xi) The Developments Reserve relates to specific projects already determined by the Council, and the Strategic Financing Reserve for providing budgetary flexibility in the future.
- (xii) After signing a Policy Agreement with the Assembly in 2001/02 additional monies were received, and the fund was used to finance specific matters that followed from the agreement.
- (xiii) The Network Fund has been formed in 2002/03 to finance the cost of developing the computer network for schools and other Council establishments in the future where it is envisaged that the expenditure will be uneven over the years.
- (xiv) Local Priorities Fund – a reserve set aside to finance local priorities.
- (xv) Specific Risks Fund – a sum set aside to protect the Council from specific financial and budgetary risks in the future.
- (xvi) Schools Service Reserves – includes sums set aside to respond to related financial problems with “Integration” requirements, changeable demands in “Out of County” – Special Educational Needs”, and “Early Retirement and Redundancy” matters.

- (xvii) The Economy and Regeneration Reserves include a number of balances relating to schemes operating on a partnership basis mainly, where the scheme balances must be accounted for separately.
- (xviii) The Highways and Municipal Reserves include mostly sums set aside to protect situations of uneven expenditure – (equalisation accounts) – and likely requirements from contracts’.
- (xix) Consultancy Reserves – includes amounts set aside to protect against situations of uneven expenditure due to coastal protection works and possible employment requirements resulting from changes in the consultancy service’s work programme.
- (xx) Environment Policy & Performance Reserves – relevant to specific requirements regarding the Unitary Development Plan, Green Transport Development Plan and Environmental Stewardship.
- (xxi) Planning and Transportation Reserves – include a number of balances relating to schemes operating mainly on a partnership basis, and where the scheme balances must be accounted for separately.
- (xxii) Trunk Road Management Reserve – includes a sum set aside to enable responding to any possible changes to employment arrangements.
- (xxiii) Care - Other Reserves – includes amounts set aside to protect against possible situations of uneven expenditure due to contract requirements.
- (xxiv) Central Training – relate to the management training development programme.
- (xxv) “Improving the Council” Fund – a sum set aside to support schemes that could achieve efficiency improvements, improve service performance but without savings, and to strengthen corporate capacity to support change management and improvement.
- (xxvi) “Communication Centre” Reserve – sums set-aside towards developing the new Communication Centre.
- (xxvii) Various Other Reserves – includes amounts set aside to meet a variety of other contingent liabilities.

	Adjustments				Balance at 31 March 2007 £'000
	Balance at 1 April 2006 £'000	Via IEA £'000	Transfer / Contribution To Reserves £'000	Transfer / Contribution From Reserves £'000	
School Reserves	3,397	0	736	-818	3,315
Renewals Reserves	2,667	44	1,257	-1,905	2,063
Capital Reserves	10,027	0	418	-947	9,498
Insurance Reserves	2,957	0	1,491	-799	3,649
Social Services Reserve	536	0	0	-361	175
Establishment Amenity Funds	160	0	53	-57	156
Services Fund	4,423	-483	4,512	-2,143	6,309
Cilgwyn Fund	230	0	0	0	230
Investment to Save Fund	250	0	0	0	250
Objective 1 Fund	1,082	0	0	-285	797
Developments Reserve	530	0	105	-230	405
Strategic Financing Reserve	1,000	0	0	0	1,000
Policy Agreement Fund	54	-54	0	0	0
Network Fund	450	-100	66	0	416
Local Priorities Fund	2,750	-2,750	0	0	0
Specific Risks Fund	5,500	0	0	-4,170	1,330
School Service Reserves	668	0	230	-119	779
Economy and Regeneration Reserves	389	20	111	-331	189
Highways and Municipal Reserves	1,427	-44	18	-48	1,353
Consultancy Reserves	295	0	0	0	295
Policy and Performance (Environment) Reserves	339	0	2	-230	111
Planning and Transportation Reserves	179	0	68	0	247
Trunk Road Management Reserve	0	0	200	0	200
Care - Other Reserves	690	0	105	-2	793
Central Training	1,318	0	430	-450	1,298
Improving the Council Fund	0	876	13	-29	860
Communication Centre Reserve	0	2,500	55	0	2,555
Various Other Reserves	426	-9	331	-302	446
Total	41,744	0	10,201	-13,226	38,719

NOTE 43 – PENSIONS RESERVE

The actuarial gains / losses identified as movements on the Pensions Reserve in 2006/07 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2007:-

	Gwynedd Council Pension Scheme		Gwynedd Closed Fund Pension Scheme		TOTAL	
	£'000	%	£'000	%	£'000	%
	Differences between the expected and actual return on assets	227	0.1	32	0.1	259
Differences between actuarial assumptions about liabilities and actual experience	(272)	(0.1)	292	0.6	20	0.0
Changes in the demographic and financial assumptions used to estimate liabilities	24,446	6.7	1,436	2.7	25,882	6.2
Actuarial Gains / (Losses)	24,401	6.7	1,760	3.3	26,161	6.3

	Gwynedd Council Pension Scheme						Gwynedd Closed Fund Pension Scheme					
	2003/04		2004/05		2005/06		2003/04		2004/05		2005/06	
	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%	£'000	%
Differences between the expected and actual return on assets	17,381	10.3	6,342	3.3	33,320	13.6	3,550	10.7	1,161	3.5	5,325	14.5
Differences between actuarial assumptions about liabilities and actual experience	(771)	(0.4)	(1,581)	(0.5)	(470)	(0.1)	(313)	(0.6)	(767)	(1.4)	(977)	(1.8)
Changes in the demographic and financial assumptions used to estimate liabilities	-	-	(53,124)	(18.4)	(45,334)	(12.7)	-	-	(4,653)	(8.7)	(2,957)	(5.3)
Actuarial Gains / (Losses)	16,610	7.7	(48,363)	(16.8)	(12,484)	(3.5)	3,237	6.5	(4,259)	(8.0)	1,391	2.5

Refer to the table below for the three previous years comparative figures :-

NOTE 44 – INTERESTS IN COMPANIES

The Council has a 50% interest in two companies. In each case the other member is the Isle of Anglesey County Council.

Cwmni Gwastraff Môn-Arffon Cyf.

Cwmni Gwastraff Môn-Arffon Cyf. is a Local Authority Waste Disposal Company established in 1994. The Company operates two waste management sites in Anglesey and Gwynedd which are leased from the Local Authorities. A significant element of the Company's activities relates to contracts with the two Local Authorities.

The draft Company Accounts for 2006/07 have not yet been released and therefore details of the net assets and profits or losses are not available for inclusion in this note. The Company's turnover in 2005/06 was £3.65million. In 2005/06 profit before tax was £0.46million and profit after tax was £0.42million. The amount due to Cwmni Gwastraff from the Council at 31st March 2006 was £271,000 and the amount due to the Council by Cwmni Gwastraff at 31st March 2006 was £40,000. Copies of the financial statements are available from Cwmni Gwastraff Môn-Arffon Cyf., Barclays Bank Chambers, 5 – 7 Bangor Street, Caernarfon, Gwynedd LL55 1AT.

Due to a change in legislation, the Council is reviewing the future of the Company jointly with the Isle of Anglesey County Council. If the Company is wound up, the assets and liabilities would be shared between the two Councils. The result of this is still subject to agreement between the shareholders and has not yet been determined.

Cwmni Cynnal Cyf.

Cwmni Cynnal Cyf. was established in 1996 to provide education support services under contract to maintained schools and the local education authorities as well as school inspection services to Estyn. The Company is limited by guarantee and the Council's liability is limited to £1. The income of the Company can only be applied towards promotion of its objectives. The level of trading with the Council is included in Note 11 to the Core Financial Statements. Copies of the financial statements are available from Cwmni Cynnal Cyf., Plas Llanwnda, Caernarfon, Gwynedd LL55 1SH.

NODYN 45 – EXCEPTIONAL ITEMS

This is an Exceptional Item relating to employment costs.

HOUSING REVENUE ACCOUNT 2006/07

2005/06 £'000	INCOME	2006/07 £'000
(15,956)	Dwelling rents	(16,650)
(401)	Other rents	(410)
(141)	Service charges	(141)
(16,498)	Total Income	(17,201)
	EXPENDITURE	
6,066	Repairs and Maintenance	6,930
2,638	Supervision and Management	2,951
264	Rents, taxes and other charges	186
71	Provision for bad debts	85
48	Sum directed by the National Assembly	0
4,885	Subsidy Payable	5,447
5,946	Depreciation of fixed assets	6,205
(103)	Deferred Grants	(210)
19,815	Total Expenditure	21,594
3,317	Net Cost of HRA Services – Income and Expenditure Account	4,393
158	HRA Share of Corporate and Democratic Core	164
3,475	Net Cost of HRA Services	4,557
0	Loss on disposal of HRA fixed assets	260
1,305	Interest payable and similar charges	1,118
(5)	Premiums and discounts on borrowing	(5)
(126)	Interest on investments	(87)
4,649	Deficit / (Surplus) for the year	5,843

STATEMENT OF THE MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE	
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2005/06 £'000		2006/07 £'000
4,649	Deficit for the year on Income and Expenditure	5,843
	Amounts included in the Income and Expenditure Account but required by statute to be excluded when determining the HRA Balance for the Year	
(5,946)	Depreciation and Impairment of Fixed Assets	(6,201)
103	Deferred Government Grants Amortisation	210
0	Write downs of Deferred Charges to be Financed from Capital Resources	(4)
0	Net Loss on Sale of Fixed Assets	(260)
(408)	Net Charges made for Retirement Benefits in Accordance with FRS17	(529)
(6,251)		(6,784)
	Amounts not included in the HRA Revenue Account but required to be included by Statute when determining the Movement on the HRA Balance for the Year	
446	Minimum Revenue Provision for Capital Financing	379
0	Capital Expenditure charged in-year to the HRA	310
457	Retirement Benefits Payable Direct to Pensioners	456
903		1,145
	Transfers to or from the Council Fund Balance that are required to be taken into account when determining the Movement on the HRA Balance for the Year	
132	Net Transfer to/from Earmarked Reserves	74
132		74
(5,216)	Net Additional Amount Required by Statute and Non-Statutory Proper Practices to be debited/(credited) to the HRA Balance for the Year	(5,565)
(567)	(Increase) / Reduction in HRA Balance for the Year	278
(1,321)	HRA Balance Brought Forward	(1,888)
(1,888)	HRA Balance Carried Forward	(1,610)

NOTES TO THE HOUSING REVENUE ACCOUNT

NOTE 1 – HOUSING STOCK

The Council was responsible for managing 6,382 dwellings by the end of 2006/07. The stock was made up as follows: -

COUNCIL HOUSING STOCK		
31 March 2006 Number		31 March 2007 Number
4,221	Houses	4,190
1,253	Flats	1,252
797	Bungalows	795
115	Sheltered Units	115
10	Flats above shops	10
0	Houses leased from private sector	20
<hr/> 6,396	Total	<hr/> 6,382

NOTE 2 – DWELLING RENTS

This is the total rent income due for the year after allowance is made for voids etc. During the year 1.80 % of income was lost due to properties being vacant compared with 1.96% in 2005/06. The average weekly rent in 2006/07 was £51.25 compared with £48.77 in 2005/06.

NOTE 3 – OTHER RENTS

This figure includes rents for shops on housing estates and also garages, after deducting void losses etc.

NOTE 4 – RENT ARREARS

At the end of 2006/07, rent arrears, as a proportion of gross rent income, was 4.94%, which amounted to £862,455. This compares with £913,786 (5.46%) at the end of 2005/06. During 2006/07, bad debts amounting to £96,003 were written off and a further provision of £85,100 was made towards bad debts.

NOTE 5 - CAPITAL

Capital expenditure for the Housing Revenue Account in 2006/07 was £5,646,072 compared to £7,618,465 in 2005/06. This was financed as follows:

CAPITAL EXPENDITURE – FINANCING		
2005/06		2006/07
£'000		£'000
4,100	Major Repairs Allowance	4,000
3,363	Capital Receipts	1,077
0	Housing Revenue Account	310
155	Other sources	259
<hr/>		<hr/>
7,618	Total	5,646

Capital receipts amounted to £2,383,438, acquired from the sale of land, houses and other property. This compares to £3,971,687 in 2005/06. The decrease is a consequence of a substantial reduction in the number of houses sold under the 'right to buy' scheme.

NOTE 6 – DEPRECIATION

The depreciation of £6,047,730 which can be seen against the Net Cost of HRA Services, was calculated in accordance with proper practices, as follows:

DEPRECIATION		
2005/06		2006/07
£'000		£'000
	Operational Assets	
5,915	Dwellings	6,032
18	Other	182
13	Non-operational Assets	(13)
	Deferred Charges	
0	Other	4
<hr/>		<hr/>
6,034		6,258
(103)	Grants Deferred	(210)
<hr/>		<hr/>
5,931		6,048

An increase can be seen in the depreciation of Other Operational Assets since last year, mainly as a result of including council house garages in this category.

NOTE 7 – CONTRIBUTION TO / FROM THE PENSION RESERVE

The Net Cost of HRA Services include pensions in accordance with FRS17 guidelines but an adjustment between this figure and the actual cost during the year also appears in the account.

THE WELSH CHURCH FUND

2005/06		2006/07	
£'000		£'000	£'000
531.4	Amount of Fund at 1st April		534.7
(1.1)	Change in market value of investments on the Market		
	Add Income during the year		
25.3	Interest on Investments	25.7	
3.4	Profit on Sale of Investments	0.6	
0.6	Rents and Annuities	0.6	
0.0	Repayment of Grants	0.0	
<u>29.3</u>			26.9
	Less - Expenditure during the year		
(1.7)	Loss on sale of investments	(2.7)	
(23.2)	Grants and expenses	(28.1)	(30.8)
<u>534.7</u>	Amount of Fund at 31st March		<u>530.8</u>
	Represented by the Following Assets:-		
26.2	Land and Buildings		26.1
504.2	Investments at Market Value		490.6
114.9	Debtors		125.8
575.3	Cash in Hand		574.8
<u>1,220.6</u>			<u>1,217.3</u>
(657.7)	Less - Proportion owing to Anglesey and Conwy Councils		(657.1)
<u>562.9</u>			<u>560.2</u>
(59.2)	Less - Creditors		(60.6)
31.0	Add - Proportion owing from Anglesey and Conwy Councils		31.2
<u>534.7</u>	Total		<u>530.8</u>

NOTES TO THE ACCOUNTS

1. The Scheme for the administration of the Fund provides that the income be applied for charitable purposes - educational, recreational and social, at the discretion of the Council.
2. The Charities Act 1993 requires that an independent examination of the statement of accounts of the Welsh Church Fund be carried out annually. This examination will be carried out by the Wales Audit Office. The audit certificate on page 73 does not represent a report under the provisions of the Charities Act 1993.

FMG MORGAN TRUST FUND

2005/06 £'000		2006/07 £'000
117.1	Amount of Fund at 1st April	122.7
	Add – Income during the year	
7.4	Interest on Investments	8.3
	Less – Expenditure during the year	
(1.8)	Grants	(4.7)
122.7	Amount of Fund at 31st March	126.3
	Represented by the Following Assets-	
24.5	Investments	24.5
98.2	Cash in Hand	101.8
122.7		126.3

NOTES TO THE ACCOUNTS

1. This Fund was set up from the residuary estate of the late Mrs.Florence Merthyr Guest Morgan. The income from the Fund was to be applied to aid residents of certain areas of Llyn for specified purposes.
2. The investments are shown in the accounts at cost. The market value of the investments at 31 March 2007 was £192,827 (£175,779 at 31 March 2006).
3. The FMG Morgan Trust Fund is outside the provisions of the Charities Act 1993. No independent examination or audit is therefore required in respect of this trust fund.

GWYNEDD PENSION FUND ACCOUNTS 2006/07

2005/06 £'000	Pension Fund Accounts for the Year Ended 31 March	2006/07 £'000
	Contributions -	
10,779	Employees - staff	11,489
23	- members	30
31,363	Employers - staff	36,090
63	- members	91
0	- lump sums	265
45	Interest On Deferred Contributions	40
0	Interest On Late Payments of Contributions	0
0	Income from Divorce Calculations	0
5,611	Transfers From Other Schemes	4,429
140	Purchase Of Additional Service etc.	177
48,024	Total Contributions Received	52,611
	Benefits Payable -	
(20,013)	Pensions	(21,023)
(2,545)	Lump Sums	(5,061)
0	Sickness Grants	(6)
(445)	Death Benefits	(223)
(97)	Withdrawals	(42)
(2,938)	Transfers To Other Schemes	(3,485)
(733)	Administrative Expenses (Note 9)	(828)
(26,771)	Total Benefits Paid	(30,668)
21,253	Net Additions From Dealings With Members	21,943

2006 £'000	Return on Investments as at 31 March	2007 £'000
12,310	Investment Income (Note 5)	13,139
130,102	Change In The Market Value Of Investments	37,445
(1,546)	Investment Management Expenses (Note 10)	(1,948)
140,866	Net Returns On Investment	48,636
21,253	Net Additions From Dealings With Members	21,943
579,457	Net Assets At 1st April	741,576
741,576	Net Assets Of The Fund At 31st March	812,155

2006 £'000	Net Assets Statement as at 31 March	2007 £'000
	Investments at Market Value (Note 4)	
	Fixed Interest:	
33,662	UK Public Sector Quoted	25,774
14,386	UK Other Quoted	38,741
8,448	Overseas Public Sector Quoted	0
13,149	Overseas Other Quoted	0
	Index Linked:	
28,878	UK Index Linked	39,003
	Equities:	
208,414	UK Quoted	179,167
0	UK Unquoted	5
91,481	Overseas Quoted	122,872
378	Overseas Unquoted	180
	Pooled Investment Vehicles:	
108,948	UK Unit Trusts	118,795
3,519	UK Unit Trusts - Unquoted	3,068
27	UK Ventures	11
70,116	Overseas Unit Trusts	87,445
70,787	Overseas Managed Funds	85,846
66,879	Property Unit Trusts	77,473
	Other:	
0	Tactical Asset Allocation Funds	11,890
16,454	Cash and Temporary Investments	16,365
539	Debtors - Sales of Investments Awaiting Settlement	648
6,811	Sundry Debtors (Note 11)	7,134
(703)	Creditors - Purchases of Investments Awaiting Settlement	(1,287)
(597)	Sundry Creditors (Note 12)	(975)
741,576		812,155

NOTES TO THE PENSION FUND ACCOUNTS

NOTE I – GENERAL

The Gwynedd Pension Fund is a statutory fund which is maintained for the purpose of providing pensions for its contributors. Membership of the Fund is available for all local government employees, including staff in schools and Further Education bodies other than teachers, as well as employees from other admitted bodies. Employing bodies who join the scheme are either “scheduled bodies”, being local authorities or other public bodies automatically entitled to join, or “admitted bodies” who may be allowed to join by the administering authority, or, external providers who choose to join the scheme under an outsourcing agreement under Local Government Pension Scheme (Amendment etc.) Regulations 1999 (as amended). The scheduled and admitted bodies contributing to the fund are listed below:-

Scheduled Bodies

Gwynedd Council
Isle of Anglesey County Council
Conwy County Borough Council
North Wales Police Authority
Caernarfon Town Council
Menai Bridge Town Council
Bangor City Council
Llangefni Town Council
Beaumaris Town Council
Holyhead Town Council
Llandudno Town Council
Coleg Meirion Dwyfor
Coleg Menai
Snowdonia National Park
Coleg Llandrillo
Emrys ap Iwan School
Eirias High School
Bryn Eilian School
Pen y Bryn School
Tywyn Community Council
Llanllyfni Community Council
Tywyn and Kinmel Bay Town Council
Abergele Town Council
Bay of Colwyn Town Council

Admitted Bodies

North Wales Society for the Blind
Holyhead Joint Burial Committee
Coleg Harlech WEA
Cwmni Gwastraff Môn/Arfon
Careers Wales North West
Cwmni Cynnal
Cwmni'r Fran Wen
Theatr Arduwy
Theatr Gwynedd
Conwy Voluntary Services
Medrwn Môn
Mantell Gwynedd
Canolfan Cyngori Ynys Môn Citizens Advice Bureau
Menter Môn
Conwy Citizens Advice Bureau
CAIS

Employees contribute a fixed percentage of their pay. Employing authorities make a contribution of an amount to keep the Fund solvent. This amount is determined by a triennial actuarial valuation of the Fund. (refer Note 3).

Any money not for the time being required to meet payments out of the Fund must be invested. The objective in investing Fund monies is to maximise the return on the money entrusted to the Fund, thus limiting the amount the employing authorities need to contribute to it.

NOTE 2 - ACCOUNTING POLICIES

The accounts have been prepared to meet the requirements of the Local Government Pension Scheme Regulations 1997, the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998 (as amended) and to meet the requirements of the Statements of Recommended Practice Number 1 of the Accounting Standards Committee of Professional accounting bodies of the United Kingdom. The pensions fund financial statements have been prepared in accordance with provision of Chapter 2, Recommended Accounting Practice of the Pension SORP.

Contributions, investment income, and benefits have been included in the accounts on an accruals basis where these amounts have been determined on the closure of the accounts. Transfers to and from other schemes are on a receipts and payments basis.

Securities quoted on the Stock Exchange Trading Service ("SETS") have been valued at the last SETS traded price on 30 March 2007. All other securities have been valued at the closing mid-market price on 30 March 2007. Foreign investments and foreign currency held at 30 March 2007 have been valued at the prevailing exchange rate at close of business that day. Unlisted Securities and all other investments have been valued at the mid-closing price on the 30 March 2007.

The Financial Statements do not take into account the fund's liabilities to pay pensions and other benefits in the future to all the present contributors to the fund. These liabilities are taken into account in the periodic actuarial valuations of the fund and are reflected in the levels of employers' contributions determined at these valuations, so that the fund is again able to meet 100% of future liabilities.

NOTE 3 - ACTUARIAL POSITION

The most recent actuarial valuation of the Fund was undertaken as at 31 March 2004 (previously 31 March 2001), and it requires full solvency of the Fund.

The actuarial method used in the valuation was the "Projected Unit Method" and the main financial assumptions were as follows:-

	% per annum
Investment Returns	
Equities	6.5%
Bonds	4.9%
75% Equities / 25% Bonds	6.1%
Pay Increases (excl. increments)	4.4%
Price Inflation / Pension Increases	2.9%

The key funding objective of the Fund is to build up sufficient assets to provide adequate security for members' benefits as they accrue. When the value of the Fund's assets match the value of its liabilities the Fund is said to be 100% funded.

The 31 March 2004 actuarial valuation shows, in common with the other local authority pension funds, a decline in the solvency of the Fund. At the valuation date the market value of the Fund's assets were £506 million and the liabilities were valued at £680 million. The valuation showed that the Fund's liabilities exceeded its assets by £174 million, and that the funding level was 74%.

NOTE 4 - MARKET VALUE OF THE ASSETS

The market value of the assets at 31 March 2007 are given below:-

	Total £'000	BGI %	UBS %	Capital %	Gwynedd %	Total %
Fixed Interest:						
UK Public Sector	25,774	41.18	58.82	-	-	100.00
UK Other	38,741	27.29	72.71	-	-	100.00
Index Linked:						
UK Index Linked	39,003	100.00	-	-	-	100.00
Equities:						
UK Quoted	179,167	0.00	45.55	54.45	-	100.00
UK Unquoted	5	-	-	100.00	-	100.00
Overseas Quoted	122,872	-	-	100.00	-	100.00
Overseas Unquoted	180	-	-	100.00	-	100.00
Pooled Investment Vehicles:						
UK Unit Trusts – Quoted	118,795	95.41	4.59	-	-	100.00
UK Unit Trusts - Unquoted	3,068	-	-	100.00	-	100.00
UK Ventures	11	-	100.00	-	-	100.00
Overseas Unit Trusts	87,445	75.72	-	24.28	-	100.00
Overseas Managed Funds	85,846	-	100.00	-	-	100.00
Property Unit Trusts	77,473	-	100.00	-	-	100.00
Other:						
Tactical Asset Allocation Funds	11,890	-	100.00	-	-	100.00
Cash & Net Working Capital	21,885	0.00	19.49	30.07	50.44	100.00
Total	812,155	29.52	38.15	30.97	1.36	100.00

NOTE 5 - INVESTMENT INCOME

Analysis of Investments Income as set out in the Net Assets Statement is given below:-

2005/06 £'000	2006/07 £'000
7,564 UK Equities	8,509
1,965 Overseas Equities	2,236
243 British Government Securities	611
4 UK Index Linked	0
764 Other Fixed Interest Securities	198
2,065 Property Unit Trusts	1,751
813 Interest on Cash Deposits	783
(1,108) Less Tax on Income	(949)
12,310 Total	13,139

NOTE 6 - CONTRIBUTIONS RECEIVABLE

An analysis of the total contributions receivable from the different bodies are given below:-

2005/06		2006/07
£'000		£'000
14,273	Gwynedd Council	16,891
26,359	Scheduled Bodies	29,218
1,736	Admitted Bodies	2,033
42,368	Total	48,142

NOTE 7 - BENEFITS PAYABLE

An analysis of the total benefits payable to the different bodies are given below:-

2005/06		2006/07
£'000		£'000
4,067	Gwynedd Council	4,577
6,837	Scheduled Bodies	9,581
251	Admitted Bodies	507
629	Employers with no Contributors	483
11,219	Closed Fund	11,165
23,003	Total	26,313

NOTE 8 - TAXATION

Following the 1997 Budget, the fund is now unable to reclaim Advance Corporation Tax, although any UK tax on dividends paid by foreign companies can still be reclaimed. Thus investment incomes in the accounts are shown net of UK tax.

The fund is exempt from the United States of America withholding tax on dividends from investments in the US and recovers withholding tax deducted in some European Countries.

NOTE 9 - ADMINISTRATIVE EXPENSES

Administrative expenses are as follows:-

2005/06		2006/07
£'000		£'000
676	Administration & Processing*	773
43	Actuarial Fees	41
14	Audit Fees	14
733	Total	828

*An apportionment of the salaries and other expenses of Council staff engaged in administering the pension scheme and pension investments has been made to the fund.

Charges for services provided by Gwynedd Council are derived from a combination of pre-determined fixed charges, actual recorded staff time, transaction logging and pre-determined formulae. Office accommodation costs are allocated on a floor space basis.

The administration expenses paid over to Gwynedd Council in 2006/07 was £734,730, (2005/06: £644,980).

NOTE 10 - INVESTMENT MANAGEMENT EXPENSES

The investment management expenses are as follows:-

2005/06		2006/07
£'000		£'000
132	Barclays Global Investors	183
488	UBS Global Asset Management	785
761	Capital International	844
102	Cwmni'r Northern Trust	70
11	JPMorgan	9
11	Cwmni'r WM	11
41	Hymans Robertson	46
1,546	Total	1,948

NOTE 11 - SUNDRY DEBTORS

The following provision has been made in the accounts for debtors:-

2005/06		2006/07
£'000		£'000
3,980	Contributions Receivable	4,329
55	Internal Debtors	116
111	Debtor Invoices	128
2,576	Net Dividend Income	2,023
87	UK Tax	534
2	VAT	4
6,811	Total	7,134

NOTE 12 - SUNDRY CREDITORS

The following provision has been made in the accounts for creditors:-

2005/06		2006/07
£'000		£'000
102	Internal Creditors	109
458	Investment Fees	535
18	UK Tax	7
0	Contributions Payable	81
19	Retirement Benefits Due	243
597	Total	975

NOTE 13 - PURCHASES AND SALES OF INVESTMENTS

The total amount of purchases and sales of investments is set out below:-

	Book Value of Purchases	Sales
	2006/07	2006/07
	£'000	£'000
UK Equities	46,674	88,764
Overseas Equities	127,742	73,128
British Government Securities	13,093	20,129
Other UK Fixed Interest Securities	24,458	-
Overseas Fixed Interest Securities	4,491	25,168
Index Linked Securities	9,141	-
Property Unit Trusts	1,859	-
Tactical Asset Allocation Funds	13,259	-
Cash and Short Term Investments	14,909	14,909
Total	255,626	222,098

NOTE 14 - ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVC's)

There are 3 Additional Voluntary Contribution Funds. They are held with Clerical Medical, The Equitable Life Assurance Society and Standard Life. The assets of these investments are held separately from the main Fund. The AVC providers secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in these arrangements each receive an annual statement made up to 31 March confirming the amounts held in their account and the movements in the year.

The market value of the fund as at 31 March 2007 is stated below:

	Clerical Medical	Equitable Life	Standard Life	AVC Total
	£'000	£'000	£'000	£'000
Value of Fund 31 March 2006	1,654	645	234	2,533
Contributions Recived	251	0	15	266
Intrest and bonuses/change in market value of asset.	131	18	20	169
Proceeds from Demutualisation	-	-	11	11
Transfer Values	59	-	-	59
Life Assurance Premiums	(1)	0	-	(1)
Retirement Benefits	(180)	(43)	(72)	(295)
Leavers (transfers and withdrawals)	(88)	(28)	-	(116)
Value of Fund at 31 March 2007	1,826	592	208	2,626

NOTE 15 - RELATED PARTIES

During the year the Gwynedd Pension Fund paid administration expenses of £734,730 to Gwynedd Council (see Note 9 Administrative Expenses).

The Gwynedd Pension Fund has three bank accounts which are held as part of Gwynedd Council's Group of Bank Accounts. The overall surplus cash held in the Group of Bank Accounts is invested on a daily basis. At the end of the financial year, Gwynedd Council pays interest over to the Pension Fund, based on the Fund's daily balances over the year. In 2006/07, the Fund received interest of £175,177 from Gwynedd Council.

Seven members of the Pensions Committee have declared an interest in bodies which have dealings with the Fund. Two Chief Officers have also declared an interest in bodies which have dealings with the Fund.

NOTE 16 - STATEMENT OF INVESTMENT PRINCIPLES

In November 2004, Gwynedd Council published a revised Statement of Investment Principles as approved by the Pensions Committee. Copies can be obtained by contacting Mrs Marina Parry Owen on 01286 679617.

NOTE 17 - FUNDING STRATEGY STATEMENT

In February 2005, Gwynedd Council published a Funding Strategy Statement as approved by the Pensions Committee. Copies can be obtained by contacting Mrs Marina Parry Owen on 01286 679617.

NOTE 18 - PENSION FUND ANNUAL REPORT FOR 2006/07

This is an additional detailed report that is produced on the Pension Fund. Copies can be obtained by contacting Marina Parry Owen on 01286 679617.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GWYNEDD COUNCIL

I have audited the accounting statements and pension fund accounts of Gwynedd Council for the year ended 31 March 2007 under the Public Audit (Wales) Act 2004. The 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 Income and Expenditure Account, Statement of Movement on Housing Revenue Account Balance and the related notes. The pension fund accounts comprise the Fund Account, the Net Assets Statement and the related notes. The accounting statements and pension fund accounts have been prepared under the accounting policies set out in the statement of accounts.

This report is made solely to Gwynedd Council in accordance with Part 2 of the Public Audit (Wales) Act 2004 and for no other purpose, as set out in paragraph 42 of the Statement of Responsibilities of Appointed Auditors, and Inspectors and of Audited and Inspected Bodies (2005) prepared by the Auditor General for Wales.

Respective responsibilities of the Chief Finance Officer and Auditors

The Chief Finance Officer's responsibilities for preparing the Statement of Accounts, including the pension fund accounts, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006 are set out in the Statement of Responsibilities for the Statement of Accounts.

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

I report to you my opinion as to whether the accounting statements and the pension fund accounts present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006:

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

I review whether the Statement on Internal Control reflects compliance with CIPFA's guidance "The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003" published on 2nd April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from my audit of the accounts. 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 Council's corporate governance procedures or its risk and control procedures.

I read other information published with the accounting statements, and consider whether it is consistent with the audited accounting statements. This other information comprises only the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the accounting statements. 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. It also includes an assessment of the significant estimates and judgments made by the Council in the preparation of the accounting statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

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

Opinion

As stated in my report dated 27 September 2007, in my opinion:

- The accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial position of the Gwynedd Council as at 31 March 2007 and its income and expenditure for the year then ended; and
- The pension fund accounts present fairly, in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2006, the financial transactions of the Pension Fund during the year ended 31 March 2007, and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year.

Certificate

In my report dated 27 September 2007 I explained that the audit could not be formally concluded and an audit certificate issued until enquiries arising from a matter raised by a member of the public has been formally completed. The enquiries have now been completed.

I certify that I have completed the audit of the accounts of Gwynedd 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.

My conclusion on Gwynedd Council's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2007 was reported separately in the published Relationship Manager Annual Letter.

Appointed Auditor: Anthony Barrett
Address: Wales Audit Office
Unit 4
Evolution
Lakeside Business Village
St. David's Park
Ewloe
CH5 3XP

Signature:

Date:

1. The maintenance and integrity of the Gwynedd Council's web site is the responsibility of the Head of Customer Care Support; 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.

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

INCOME & EXPENDITURE ACCOUNT 2006/07

APPENDIX A

ANALYSIS OF SERVICE EXPENDITURE

	Total Expenditure £'000	Total Income £'000	Net Expenditure £'000
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Cultural and Related Services

Division of Service

Culture and Heritage	1,703	(375)	1,328
Recreation and Sport	8,934	(4,141)	4,793
Open Spaces	1,691	(341)	1,350
Tourism	883	(308)	575
Library Service	2,037	(119)	1,918
	15,248	(5,284)	9,964

Environmental Services

Division of Service

Cemetary, Cremation and Mortuary Services	795	(485)	310
Coast Protection	516	(123)	393
Environmental Health	3,252	(513)	2,739
Community Safety (Crime Reduction)	932	(417)	515
Community Safety (Safety Services)	0	0	0
Flood Defence and Land Drainage	146	(16)	130
Agricultural and Fisheries Services	83	(171)	(88)
Trading Standards	1,069	(197)	872
Street Cleansing (not chargeable to Highways)	2,429	41	2,470
Waste Collection	6,298	(867)	5,431
Waste Disposal	4,751	(2,693)	2,058
	20,271	(5,441)	14,830

Planning and Development Services

Division of Service

Building Control	985	(503)	482
Development Control	1,599	(737)	862
Planning Policy	203	0	203
Environmental Initiatives	1,327	(439)	888
Economic Development	4,031	(1,532)	2,499
Community Development	1,123	(643)	480
	9,268	(3,854)	5,414

Education

Division of Service

Nursery Schools	0	0	0
Primary Schools	42,255	(3,665)	38,590
Secondary Schools	41,620	(7,319)	34,301
Special Schools	3,593	(1,064)	2,529
Non-Schools Funding	4,366	(1,378)	2,988
	91,834	(13,426)	78,408

Highways, Roads and Transport

Division of Service

Transport Planning, Policy and Strategy	1,556	(763)	793
Highways / Roads (Structural)	5,760	(40)	5,720
Construction	1,422	(634)	788
Highways / Roads (Routine)	3,260	(16)	3,244
Street Lighting	1,542	(2)	1,540
Winter Maintenance	1,061	0	1,061

Traffic Management and Road Safety	943	(243)	700
Parking Services	862	(1,359)	(497)
Public Transport	4,607	(2,878)	1,729
Airports, Harbours and Toll Facilities	0	0	0
	<u>21,013</u>	<u>(5,935)</u>	<u>15,078</u>

Housing Services (Council Fund)

Division of Service

Housing Strategy	305	0	305
Private Sector Housing Renewal	4,720	(3,836)	884
Homelessness	1,565	(501)	1,064
Housing Benefits Payments	19,872	(20,158)	(286)
Housing Benefits Administration	863	(969)	(106)
Contribution to the HRA re items shared by the whole community	0	0	0
Other Council Property	6	0	6
Supporting People	4,574	(4,181)	393
Other Welfare Services	0	(26)	(26)
	<u>31,905</u>	<u>(29,671)</u>	<u>2,234</u>

Social Services

Division of Service

Service Strategy - Children's Services	106	0	106
Children's Services - Commissioning and Social Work	4,812	(2,277)	2,535
Children Looked After	6,085	(73)	6,012
Family Support Services	421	(176)	245
Youth Justice	753	(546)	207
Asylum Seekers	0	0	0
Other Children's and Families' Services	2,068	(181)	1,887
Service Strategy - Adult Services	396	0	396
Older People (aged 65 or over) including Older Mentally Ill	29,094	(9,720)	19,374
Adults aged under 65 with a Physical Disability or Sensory Impairment	3,502	(383)	3,119
Adults aged under 65 with Learning Disabilities	11,475	(2,431)	9,044
Adults aged under 65 with Mental Health Needs	3,521	(1,045)	2,476
Other Adult Services	837	(392)	445
Supported Employment (including sheltered employment)	5	0	5
	<u>63,075</u>	<u>(17,224)</u>	<u>45,851</u>

Central Services to the Public

Division of Service

Local Tax Collection	8,985	(7,456)	1,529
Registration of Births, Deaths and Marriages	402	(160)	242
Elections	167	(55)	112
Emergency Planning	135	(100)	35
Local Land Charges	260	(278)	(18)
General Grants, Bequests and Donations	0	0	0
	<u>9,949</u>	<u>(8,049)</u>	<u>1,900</u>

Court Services

Division of Service

Coroners' Court Services	386	(142)	244
Other Court Services	0	0	0
	<u>386</u>	<u>(142)</u>	<u>244</u>

Corporate and Democratic Core Costs

Division of Service

Democratic Representation and Management	2,554	(21)	2,533
Corporate Management	6,631	(7,206)	(575)
	<u>9,185</u>	<u>(7,227)</u>	<u>1,958</u>

Non Distributed Costs

Division of Service

Non Distributed Costs	71	0	71
	<u>71</u>	<u>0</u>	<u>71</u>

Exceptional Items	4,170		4,170
	<u>4,170</u>	<u>0</u>	<u>4,170</u>

NET COST OF COUNCIL FUND SERVICES

	<u>276,375</u>	<u>(96,253)</u>	<u>180,122</u>
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Housing (Housing Revenue Account)

HRA Income

Division of Service

Dwelling Rents (gross)	0	(16,650)	(16,650)
Non-Dwelling Rents (gross)	0	(410)	(410)
Heating Charges	0	(88)	(88)
Leasholders' Charges for Services and Facilities	0	0	0
Other Charges for Services and Facilities	0	(54)	(54)
Contributions towards expenditure	0	0	0
HRA Subsidy Receivable	0	0	0
Sums directed by the National Assembly that are income in accordance with UK GAAP	0	0	0
	<u>0</u>	<u>(17,202)</u>	<u>(17,202)</u>

HRA Expenditure

Repairs and Maintenance	6,929	0	6,929
Supervision and Management	2,628	(32)	2,596
Special Services	355	0	355
Rents, Rates, Taxes and Other Charges	186	0	186
Subsidy Limitation Transfer to Council Fund	48	0	48
Transitional Measures Transfers to the Council Fund	0	0	0
Transfer of Assumed Surplus to Exchequer	5,399	0	5,399
Increase in Provision for Bad and Doubtful Debts	85	0	85
Depreciation and Impairments of Fixed Assets	6,205	(210)	5,995
Amortisation of Deferred Charges and Intangible Assets	0	0	0
Debt Management Costs	0	0	0
Sums directed by the National Assembly that are income in accordance with UK GAAP	0	0	0
	<u>21,835</u>	<u>(242)</u>	<u>21,593</u>

Net Cost of HRA Services as included in the whole-authority I&E Account

	<u>21,835</u>	<u>(17,444)</u>	<u>4,391</u>
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NET COST OF SERVICES

	<u>298,210</u>	<u>(113,697)</u>	<u>184,513</u>
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